PT Sinar Mas Multiartha Tbk and Its Subsidiaries

Consolidated Financial Statements
For the Years Ended December 31, 2013 and 2012

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
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MULYAMIN SENSI SURYANTO & LIANNY

MOORE STEPHENS

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Independent Auditors' Report

No. 04801214LA

The Stockholders, Board of Commissioners and Directors
PTSinar Mas MultiarthaTbk

We have audited the accompanying consolidated financial statements of PT Sinar Mas Multiartha Tbk (The Company) and its subsidiaries (Group), which comprise the consolidated statement of financial position as of December 31, 2013, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Sinar Mas Multiartha Tbk and its subsidiaries as of December 31, 2013, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audit of the accompanying consolidated financial statements of the Group as of December 31, 2013 and for the year then ended was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The financial information of the Company (parent entity) on Note 63 of consolidated financial statements, which comprises the statements of financial position as of December 31, 2013, and the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the year then ended (collectively referred to as the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purposes of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

MULYAMIN SENSI SURYANTO& LIANNY

Yelly Warsono
Certified Public Accountant License No.AP 0148

March 27, 2014

sinarmas multiartha
holding company of sinarmas financial services

DIRECTOR'S STATEMENT
ON
THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2013 AND 2012 AND JANUARY 1, 2012/ DECEMBER 31, 2011
AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES

We, the undersigned:

1.	Name	:	**Doddy Susanto**
	Office Address	:	Sinar Mas Land Plaza, Tower I, 9th Floor Jl. M.H. Thamrin No. 51 Jakarta 10350
	Residential Address/in accordance with Personal Identity Card	:	Jl. Pulau Matahari II.AG/19, Rt. 016 Rw.009 Kembangan Utara Jakarta Barat
	Telephone Number	:	(021) 392-5660
	Title	:	President Director
2.	Name	:	**Kurniawan Udjaja**
	Office Address	:	Sinar Mas Land Plaza, Tower I, 9Th Floor Jl. M.H. Thamrin No.51 Jakarta 10350
	Residential Address/in accordance with Personal Identity Card	:	Bukit Nusa Indah Kav. 1528 BNI Rt.001 Rw.014 Kelurahan Serua, Kecamatan Ciputat, Tangerang
	Telephone Number	:	(021) 392-5660
	Title	:	Director

declare that :

1. We are responsible for the preparation and presentation of the Company's and Its Subsidiaries Consolidated Financial Statements as of December 31, 2013 and 2012 and and January 1, 2012/ December 31, 2011 and for the years ended December 31, 2013 and 2012.

2. The Company's and Its Subsidiaries consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards.

3. a. All information has been fully and correctly disclosed in the Company's and Its Subsidiaries consolidated financial statements, and
   b. The Company's and Its Subsidiaries financial statements do not contain materially misleading information or facts, and do not conceal any information or facts.

4. We are responsible for the Company's and Its Subsidiaries internal control system.

This statement has been made truthfully.

Jakarta, March 27, 2014

METERAI TEMPEL
6AA97ACF375425642
ENAM RIBU RUPIAH
6000 DJP

Doddy Susanto
President Director

Kurniawan Udjaja
Director

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Consolidated Statements of Financial Position
December 31, 2013 and 2012 and January 1, 2012/December 31, 2011
(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	Notes	December 31 2013	December 31 2012	January 1, 2012/ December 31, 2011
ASSETS				
Cash and Cash in Banks	2,4,52,60			
Related parties	51	-	-	22,742
Third parties		2,599,638	2,422,717	2,081,819
Total		2,599,638	2,422,717	2,104,561
Short-term Investments	2,5,52,60			
Related parties	51	1,236,438	680,485	685,256
Third parties		23,305,786	27,269,144	26,933,375
Allowance for impairment losses		(248)	(127)	(8,538)
Net		24,541,976	27,949,502	27,610,093
Securities Purchased Under Agreements to Resell	2,6	139,211	-	39,627
Consumer Financing Receivables	2,7			
Third parties		1,209,070	1,011,548	864,497
Unearned income		(310,354)	(290,728)	(237,513)
Allowance for impairment losses		(2,729)	(1,714)	(2,786)
Net		895,987	719,106	624,198
Net Investments in Finance Lease	2,8			
Related parties	51	-	4,326	122,118
Third parties		164,197	225,794	45,806
Guaranteed residual value		6,494	18,869	25,389
Unearned lease income		(41,572)	(59,364)	(35,115)
Security deposits		(6,494)	(18,869)	(25,389)
Allowance for impairment losses		(2,167)	(3,819)	(6,553)
Net		120,458	166,937	126,256
Factoring Receivables	2,9,52			
Related parties	51	70,084	69,889	111,621
Third parties		1,085,351	1,183,054	326,902
Deferred factoring income		(8,348)	(6,410)	(6,023)
Allowance for impairment losses		(3,021)	(3,170)	(7,637)
Net		1,144,066	1,243,363	424,863
Premiums and Reinsurance Receivables	2,10,52			
Related parties	51	117,809	113,687	103,557
Third parties		460,492	276,122	306,246
Allowance for impairment losses		(1,969)	(1,678)	(691)
Net		576,332	388,131	409,112
Loans	2,11,52,54			
Related parties	51	944,678	1,427,069	1,760,159
Third parties		10,021,393	8,959,015	8,480,015
Total		10,966,071	10,386,084	10,240,174
Allowance for impairment losses		(56,333)	(92,248)	(104,732)
Net		10,909,738	10,293,836	10,135,442
Acceptance Receivables	2,12,52	238,324	-	-
Ijarah Assets	2,13			
Cost		126,015	75,191	151,075
Accumulated depreciation		(21,459)	(28,678)	(68,363)
Net		104,556	46,513	82,712

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	Notes	December 31 2013	December 31 2012	January 1, 2012/ December 31, 2011
Securities Agent Receivables	2,14,51	378,544	369,096	245,369
Other Accounts Receivable	2,15,52,60			
Related parties	51	14,642	25,934	20,650
Third parties		609,248	867,072	745,223
Allowance for impairment losses		(139)	(281)	(347)
Net		623,751	892,725	765,526
Reinsurance Assets	2,16,52,54	1,447,770	1,068,087	1,434,475
Investment in Shares of Stock	2,17	530,348	685,959	658,657
Investment Properties	2,18			
Cost		227,960	16,124	11,691
Accumulated depreciation		(32,330)	(5,827)	(5,246)
Net Book Value		195,630	10,297	6,445
Property and Equipment	2,19			
Cost		3,173,838	2,421,521	1,678,975
Accumulated depreciation		(757,545)	(577,016)	(425,254)
Net Book Value		2,416,293	1,844,505	1,253,721
Foreclosed Properties	2,20	115,993	95,684	90,362
Allowance for impairment losses		(3,227)	(1,664)	(442)
Net Book Value		112,766	94,020	89,920
Deferred Tax Assets	2,49	28,232	53,865	16,041
Other Assets	2,21,52,60			
Related parties	51	61,278	24,395	11,108
Third parties		715,794	597,469	432,829
Total		777,072	621,864	443,937
TOTAL ASSETS		47,780,692	48,870,523	46,470,955

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	Notes	December 31 2013	December 31 2012	January 1, 2012/ December 31, 2011
LIABILITIES AND EQUITY				
Liabilities				
Deposits and Deposits from Other Banks	2,22,52			
Related parties	51	2,830,790	3,273,676	5,633,851
Third parties		10,776,680	9,296,043	8,999,062
Total		13,607,470	12,569,719	14,632,913
Securities Sold Under Agreements to Repurchase	2	-	-	39,125
Insurance Payable	2,23,52,60			
Related parties	51	12,709	13,127	31,455
Third parties		408,862	346,986	269,972
Total		421,571	360,113	301,427
Premiums Received in Advance	2,24,52	1,343,529	619,787	1,114,836
Liability for Future Policy Benefits	2,25,52	7,923,725	10,008,717	7,696,397
Segregated Funds Contract Liabilities - Unit Link	2,52	1,912,482	3,943,326	4,548,419
Insurance Contract Liability	2,60	76,072	198,696	40,586
Unearned Premiums and Estimated Claims Liability	2,26,52			
Related parties	51	458,290	788,726	729,631
Third parties		1,454,498	1,181,181	1,123,269
Total		1,912,788	1,969,907	1,852,900
Acceptance Payables	2,12,52	238,324	-	-
Securities Agent Payables	2,27,51	81,341	141,222	93,740
Taxes Payable	2,28,49,60	282,991	74,587	54,684
Accrued Expenses	2,29,51,52,60	88,004	76,284	69,620
Securities Issued	2,30	1,290,904	996,884	-
Loans Received	2,31	714,895	999,619	930,904
Deferred Tax Liabilities	2,49	82,551	59,507	43,821
Long-term Employee Benefits Liability	2,47	106,570	96,838	76,788
Mudharabah Reserve		3,131	3,313	1,978
Other Liabilities	2,32,52,60			
Related parties	51	3,330	2,131	946
Third parties		564,862	494,194	416,888
Total		568,192	496,325	417,834
Total Liabilities		30,654,540	32,614,844	31,915,972

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	Notes	December 31 2013	December 31 2012	January 1, 2012/ December 31, 2011
Equity				
Equity Attributable to Owners of the Company				
Capital Stock - Rp 5,000 (in full Rupiah amount) par value per Series A share and Rp 100 (in full Rupiah amount) par value per Series B share Authorized - 142,474,368 Series A shares and 21,371,155,200 Series B shares Issued and paid-up - 142,474,368 Series A shares and 6,095,334,349 Series B shares as of December 31, 2013, and 142,474,368 Series A shares and 6,093,458,908 Series B shares as of December 31, 2012, and 142,474,368 Series A shares and 6,090,063,689 Series B shares as of January 1, 2012/ December 31, 2011	34,39	1,321,905	1,321,718	1,321,378
Additional Paid-in Capital - Net	2,35,39	903,989	903,239	901,881
Other Equity Component	36	2,602,067	2,864,969	2,830,549
Retained Earnings				
Appropriated	38	791,607	791,607	527,331
Unappropriated		5,953,481	4,746,344	3,955,145
Total		11,573,049	10,627,877	9,536,284
Non-Controlling Interests	2,33	5,553,103	5,627,802	5,018,699
Total Equity		17,126,152	16,255,679	14,554,983
TOTAL LIABILITIES AND EQUITY		47,780,692	48,870,523	46,470,955

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2013 and 2012
(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	Notes	2013	2012
INCOME	2		
Insurance underwriting income	40,51,60	11,810,876	12,362,813
Interest income	41,60	2,478,403	2,376,028
Gain on sale of investment in shares	17	1,043,447	-
Gain on investments in units of mutual funds	5	499,041	501,573
Administration fee and commissions	60	301,083	220,930
Gain on foreign exchange - net		313,240	96,085
Sales	42	142,027	104,872
Stock brokerage, underwriting and investment management income	59,60	136,417	148,898
Gain on sale of short-term investments - net	5	49,514	1,515,962
Share in net income of the associates - net	17,60	42,100	30,678
Securities administration fee	51	3,187	3,551
Other income	43,60	230,877	151,189
Total Income		17,050,212	17,512,579
EXPENSES	2		
Insurance underwriting expenses	44	12,290,009	12,984,441
General and administrative expenses	45,60	933,832	863,469
Salaries and employee benefits		890,029	704,017
Interest expense	46	778,922	764,557
Unrealized loss on decline in fair value of securities	5	274,583	231,256
Costs of goods sold	42	141,628	105,218
Stock brokerage, underwriting and investment management expenses	60	31,777	24,436
Provision for impairment losses on financial and non-financial assets		7,596	15,344
Other expenses	48,60	204,030	163,558
Total Expenses		15,552,406	15,856,296
INCOME BEFORE TAX		1,497,806	1,656,283
TAX EXPENSE	2,49		
Current		333,779	110,620
Deferred		41,825	(22,138)
Total		375,604	88,482
NET INCOME		1,122,202	1,567,801
OTHER COMPREHENSIVE INCOME (LOSS)			
Unrealized gain (loss) on change in fair value of available for sale securities of subsidiaries	5,36	(415,470)	100,466
Realization of other equity components related to gain on sale of investments in shares	17,36	6,614	-
Translation adjustment of a subsidiary	36	2,502	312
TOTAL COMPREHENSIVE INCOME		(406,354)	100,778
TOTAL COMPREHENSIVE INCOME		715,848	1,668,579
Income attributable to:			
Owners of the Company		1,213,374	1,066,012
Non-controlling interests	2,33	(91,172)	501,789
		1,122,202	1,567,801
Comprehensive income (loss) attributable to:			
Owners of the Company		950,472	1,100,432
Non-controlling interests	2,33	(234,624)	568,147
		715,848	1,668,579
Earnings per Share (in full Rupiah amount)	2,50		
Basic		195	171
Diluted		-	151

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2013 and 2012
(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

		Equity Attributable to Equity Holders of the Parent Company											
									Retained Earnings				
	Notes	Capital Stock	Additional Paid-in Capital - Net	Unrealized Gain (Loss) on Change in Fair Value of Available For Sale Securities of Subsidiaries	Share in Translation Adjustment of a Subsidiary	Difference in Value Arising from Restructuring Transactions among Entities Under Common Control	Gain (Loss) on Change in Ownership Interest in Subsidiaries and Associates	Cummulative Losses on Derivative Instruments for Cashflows Hedges - net in Associates	Appropriated	Unappropriated	Total	Non Controlling Interests	Total Equity
Balance as of January 1, 2012		1,321,378	808,397	(29,237)	41	93,484	2,868,844	(9,099)	527,331	3,955,145	9,536,284	5,018,699	14,554,983
Reclassification to additional paid-in capital	35	-	93,484	-	-	(93,484)	-	-	-	-	-	-	-
Additional capital stock from conversion of Series IV warrants	34,35,39	340	1,358	-	-	-	-	-	-	-	1,698	-	1,698
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	-	-	-	119,673	119,673
Cash dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(74,416)	(74,416)
Appropriation for general reserve	38	-	-	-	-	-	-	-	264,276	(264,276)	-	-	-
Cash dividends	37	-	-	-	-	-	-	-	-	(6,236)	(6,236)	-	(6,236)
Reclassification to tabarru fund		-	-		-	-	-	-	-	(4,301)	(4,301)	(4,301)	(8,602)
Total comprehensive income during the year		-	-	36,455	312	-	(2,347)	-	-	1,066,012	1,100,432	568,147	1,668,579
Balance as of December 31, 2012		1,321,718	903,239	7,218	353	-	2,866,497	(9,099)	791,607	4,746,344	10,627,877	5,627,802	16,255,679
Additional capital stock from conversion of Series IV warrants	34,35,39	187	750	-	-	-	-	-	-	-	937	-	937
Capital contribution by non-controlling interest		-	-	-	-	-	-	-	-	-	-	284,485	284,485
Cash dividends to non-controlling interest		-	-	-	-	-	-	-	-	-	-	(123,049)	(123,049)
Disposal of a subsidiary	17	-	-	-	-	-	-	-	-	-	-	(1,511)	(1,511)
Cash dividends	37	-	-	-	-	-	-	-	-	(6,237)	(6,237)	-	(6,237)
Total comprehensive income during the year		-	-	(271,069)	1,691	-	(2,561)	9,037	-	1,213,374	950,472	(234,624)	715,848
Balance as of December 31, 2013		1,321,905	903,989	(263,851)	2,044	-	2,863,936	(62)	791,607	5,953,481	11,573,049	5,553,103	17,126,152

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

PT SINAR MAS MULTIARTHA Tbk AND ITS SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012
(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Insurance underwriting income received	11,841,167	12,540,330
Interest received	1,850,524	1,937,118
Income received from financing activities	567,724	491,398
Stock brokerage, underwriting and investment management income received	135,912	147,991
Securities administration fee received	3,102	3,386
Other income received	669,997	364,601
Insurance underwriting expenses paid	(16,562,571)	(11,133,852)
Expenses paid	(1,949,966)	(1,646,824)
Interest paid	(558,260)	(662,895)
Stock brokerage, underwriting and investment management expenses paid	(31,777)	(24,436)
Gain on foreign exchange - net	158,095	59,437
Operating cash flows before changes in operating assets/liabilities	(3,876,053)	2,076,254
Decrease (increase) in operating assets:		
Short-term investments	1,288,800	(1,429,328)
Securities purchased under agreements to resell	(139,211)	39,627
Consumer financing receivables	(206,965)	(126,505)
Net investments in finance lease	48,131	(37,947)
Factoring receivables	95,610	(819,751)
Segregated funds net assets - unit link		
Loans	(589,772)	(148,354)
Ijarah assets	(49,446)	45,014
Securities agent receivables	(8,943)	(124,711)
Other accounts receivable	321,517	(103,920)
Foreclosed properties	(30,564)	(5,322)
Other assets	(148,893)	(608,675)
Increase (decrease) in operating liabilities:		
Deposits and deposits from other banks	1,037,751	(2,063,194)
Securities sold under agreements to repurchase	-	(39,125)
Premiums received in advance	122,506	(105,234)
Securities agent payable	(59,881)	49,373
Taxes payable	(3,445)	159
Accrued expenses	7,024	7,369
Mudharabah reserve	(182)	1,335
Other liabilities	105,698	578,603
Net Cash Used in Operations before income tax	(2,086,318)	(2,814,332)
Income tax paid	(121,926)	(93,484)
Net Cash Used in Operating Activities	(2,208,244)	(2,907,816)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of a subsidiary - net of cash balance of subsidiary sold	1,239,027	-
Dividends received from associates	10,398	3,376
Proceeds from sale of property and equipment	8,109	7,714
Proceeds from sale of investment properties	2,000	-
Acquisition of investment properties	(8,414)	(4,433)
Acquisition of a subsidiary - net of cash balance of a subsidiary	(175,312)	-
Acquisition of property and equipment	(771,534)	(765,623)
Net Cash Provided by (Used in) Investing Activities	304,274	(758,966)

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bonds	500,000	-
Proceeds from issuance of shares by a subsidiary	284,485	119,673
Proceeds from loan received	10,000	1,265,001
Proceeds from additional issuance of capital stock from conversion of Series IV warrants	937	1,698
Proceeds from issuance of medium term notes - net	-	1,000,000
Payment of cash dividend	(6,237)	(6,236)
Payment of cash dividend to non-controlling interest	(123,049)	(74,417)
Settlement of medium term notes	(200,000)	-
Payment of interest on loan	(221,600)	(106,239)
Payment of loan received	(165,808)	(1,196,223)
Payment of interest on medium term notes	(102,361)	-
Payment of interest on bonds	(26,875)	-
Net Cash Provided by (Used in) Financing Activities	(50,508)	1,003,257
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,954,478)	(2,663,525)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,731,186	10,359,223
Effect of foreign exchange rate changes	156,836	35,488
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,933,544	7,731,186
SUPPLEMENTAL DISCLOSURES		
Cash and cash in banks	2,599,638	2,422,717
Short-term investments with maturities of three months or less from the placement date	3,333,906	5,308,469
Total Cash and Cash Equivalents	5,933,544	7,731,186

See accompanying notes to consolidated financial statements which are an integral part of the consolidated financial statements.

1. General

a. Establishment and General Information

PT Sinar Mas Multiartha Tbk (the Company) which was formerly named PT Internas Arta Leasing Company or PT Internas Arta Finance Company, was established by virtue of Notarial Deed No. 60 dated October 21, 1982 of Benny Kristianto, S.H., public notary in Jakarta, which was approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-6537.HT.01.01.Th.83 dated September 30, 1983, under the name of PT Internas Arta Leasing Company. The Articles of Association of the Company were registered in the Court of Justice of West Jakarta on May 17, 1984 under registration No. 489/1984.

On May 1, 1989, the stockholders held an Extraordinary Stockholders' Meeting and agreed to change the Company's name from PT Internas Arta Leasing Company to PT Internas Arta Finance Company. These decisions were documented in Notarial Deed No. 15 dated May 1, 1989 of Benny Kristianto, S.H., public notary in Jakarta, and were approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-6968.HT.01.04.Th.89 dated August 2, 1989. This Notarial Deed was registered in the Court of Justice of West Jakarta on August 16, 1989 under registration No. 1109/1989.

On February 25, 1995, the stockholders held an Extraordinary Stockholders' Meeting and agreed to change the Company's name to PT Sinar Mas Multiartha. These decisions were documented in Notarial Deed No. 218 dated February 25, 1995 of Veronica Lily Dharma, S.H., public notary in Jakarta, and were approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-5573.HT.01.04.Th.95 dated May 5, 1995.

On February 18, 2003, in the Extraordinary Stockholders' Meeting held by the stockholders, it was agreed to increase the Company's authorized capital stock from Rp 1,125,000 to Rp 2,849,487 and approved the reverse stock split from Rp 500 (in full Rupiah amount) per share to Rp 5,000 (in full Rupiah amount) per share, and at the same time added series of shares from 1 series to 2 series, consisting of Series A shares with a par value of Rp 5,000 (in full Rupiah amount) per share and Series B shares with a par value of Rp 100 (in full Rupiah amount) per share. These decisions were documented in Notarial Deed No. 40 dated February 18, 2003 of Aulia Taufani, S.H., substitute notary of Sutjipto, S.H., notary public in Jakarta, and was approved by the Minister of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. C-04209.HT.01.04.TH.2003 dated February 27, 2003.

The Company's Articles of Association have been amended several times, most recently by Notarial Deed No. 29 dated June 10, 2013 of Aryanti Artisari, S.H., M.Kn., public notary in Jakarta, based on the Extraordinary Stockholders' Meeting approving the change in the members of the Company's Board of Commissioners and Directors. These amendments are in the process of notification to the Minister of Justice and Human Rights of Republic of Indonesiain accordance with the Cover Letter made by Aryanti Artisari, S.H., M.Kn., public notary in Jakarta.

Changes in the Main Business Activities

The Company started its commercial operations in 1983, engaging in finance leasing, factoring and consumer financing. The Company obtained an approval to operate as a multifinance company from the Minister of Finance of the Republic of Indonesia in his Decision Letter No. 300/KMK.013/1990 dated March 3, 1990.

On May 30, 1996, the stockholders of the Company held an Extraordinary Stockholders' Meeting and agreed on significant matters including change in the main business activities of the Company from financing activities and treasury management to trading, manufacturing, transportation, real estate and services; and changing the entire Articles of Association to comply with Corporate Law No. 1 of 1995, concerning Limited Liability Companies, including changing the name of the Company to PT Sinar Mas Multiartha Tbk.

The minutes of this meeting were documented in Notarial Deed No. 143 and 144 dated May 30, 1996 and Deed of Amendment No. 69 dated August 23, 1996 of Sutjipto, S.H., public notary in Jakarta. These Notarial Deeds were approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-8689.HT.01.04.Th.96 dated August 30, 1996.

BNYM SA/NV as Cust of Bank of Singapore Limited is the immediate holding company of the Company. The Company and its subsidiaries (the Group) are part of the Sinar Mas Group.

The Company is domiciled in Jakarta. The Company's head office is located at Sinar Mas Land Plaza, Tower I, Jl. M.H. Thamrin No. 51, Jakarta, Indonesia.

b. Public Offering of the Company's Shares

On June 14, 1995, the Company received the Notice of Effectivity from the Chairman of the Capital Market Supervisory Agency (currently Financial Services Authority/OJK) in his Decision Letter No. S-759/PM/1995 for the offering of 60,000,000 shares with a par value of Rp 500 (in full Rupiah amount) per share to the public at an offering price of Rp 1,800 (in full Rupiah amount) per share. On July 5, 1995, the Company's shares were listed in the Indonesia Stock Exchange.

On November 8, 1996, the stockholders held an Extraordinary Stockholders' Meeting to ratify the plan of the Company on the issuance of additional 663,000,000 shares with a par value of Rp 500 (in full Rupiah amount) per share through Limited Public Offering I at an exercise price of Rp 750 (in Rupiah full amount) per share, with 99,450,000 Series I warrants attached to such shares, free of charge. The Series I warrants issued by the Company could be exercised starting May 28, 1997 to November 28, 2001. The minutes of this Extraordinary Stockholders' Meeting were documented in Notarial Deed No. 40 dated November 8, 1996 of Sutjipto, S.H., public notary in Jakarta.

The Limited Public Offering I took effect upon receipt from the Chairman of Bapepam (currently OJK) of the Notice of Effectivity in his Decision Letter No. S-1811/PM/1996 dated November 8, 1996. The proceeds from this Limited Public Offering I amounting to Rp 497,250 were received by the Company in January 1997. This Limited Public Offering I increased the Company's paid-up capital stock from Rp 331,500 to Rp 663,000 and additional paid-in capital from Rp 1,500 to Rp 167,250.

On June 24, 2003, the stockholders held an Extraordinary Stockholders' Meeting to ratify the plan of the Company on the issuance of pre-emptive rights to buy 2,137,115,520 Series B shares with a par value of Rp 100 (in full Rupiah amount) per share at an exercise price of Rp 100 (in Rupiah full amount) per share, with 4 Series II warrants attached to every 15 Series B shares, free of charge. The Series II warrants issued by the Company totaling to 569,897,472 warrants can be exercised into shares during the period from January 23, 2004 to July 23, 2008. The minutes of this Extraordinary Stockholders' Meeting were documented in Notarial Deed No. 153 dated June 24, 2003 of Aulia Taufani, S.H., substitute notary of Sutjipto, public notary in Jakarta.

The Limited Public Offering II took effect upon receipt from the Chairman of Bapepam (currently OJK) of the Notice of Effectivity in his Decision Letter No. S-1485/PM/2003 dated June 23, 2003. The proceeds from this Limited Public Offering II amounting to Rp 213,711 were received by the Company in July 2003. This Limited Public Offering II increased the Company's paid-up capital stock from Rp 712,372 to Rp 926,083.

The funds from the Limited Public Offering II were used by the Company for additional investments in subsidiaries and to settle its obligations or loans received in order to increase its working capital ratio.

On June 28, 2005, the stockholders held an Extraordinary Stockholders' Meeting to ratify the plan of the Company on the issuance of pre-emptive rights to buy 991,621,601 Series B shares with a par value of Rp 100 (in full Rupiah amount) per share at an exercise price of Rp 125 (in full Rupiah amount) per share, with 991,621,601 Series III warrants attached to such shares, free of charge. The Series III warrants issued by the Company can be exercised into shares during the period from January 12, 2006 to July 13, 2010. The minutes of this Extraordinary Stockholders' Meeting were documented in Notarial Deed No. 274 dated June 28, 2005 of Aulia Taufani, S.H., substitute notary of Sutjipto, S.H., public notary in Jakarta.

The Limited Public Offering III took effect upon receipt from the Chairman of Bapepam (currently OJK) of the Notice of Effectivity in his Decision Letter No. S-1691/PM/2005 dated June 27, 2005. The Limited Public Offering III resulted to issuance of additional 991,325,341 Series B shares with 991,325,341 Series III warrants attached. The proceeds received from this Limited Public Offering III amounted to Rp 123,916.

The proceeds received from the Limited Public Offering III were used by the Company for additional investments in subsidiaries and to increase its working capital.

On June 17, 2008, the stockholders held an Extraordinary Stockholders' Meeting to ratify the plan of the Company on the issuance of pre-emptive rights to buy 966,427,608 Series B shares with a par value of Rp 100 (in full Rupiah amount) per share at an exercise price of Rp 100 (in full Rupiah amount) per share, with 1,449,641,412 Series IV warrants attached to such shares, free of charge. The Series IV warrants issued by the Company can be converted into shares during the period from January 6, 2009 to July 9, 2013. The minutes of this Extraordinary Stockholders' Meeting were documented in Notarial Deed No. 141 dated June 17, 2008 of Sutjipto, S.H., public notary in Jakarta.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

The Limited Public Offering IV took effect upon receipt from the Chairman of Bapepam and LK (currently OJK) of the Notice of Effectivity in his Decision Letter No. S-3859/BL/2008 dated June 16, 2008. The Limited Public Offering IV resulted to issuance of additional 964,528,953 Series B shares with 1,446,793,426 Series IV warrants attached. The proceeds received from this Limited Public Offering IV amounted to Rp 96,453.

The funds from the Limited Public Offering IV were used by the Company for additional investments in subsidiaries and to settle its obligations or loans received in order to increase its working capital ratio.

c. Consolidated Subsidiaries

As of December 31, 2013 and 2012, the subsidiaries which were consolidated, including the respective percentages of ownership held by the Company, are as follows:

	Domicile	Nature of Business	Year of Operation/ Establishment	Percentage of Ownership		Total Assets (Before Elimination)	
				2013	2012	2013	2012
Direct acquisitions							
PT Asuransi Jiwa Sinarmas MSIG (AJSM)	Jakarta	Life insurance	1984	50.00%	50.00%	19,091,451	24,140,931
PT Bank Sinarmas Tbk (BS)	Jakarta	Banking	1989	57.17%	59.98%	17,447,455	15,151,892
PT Asuransi Sinar Mas (ASM)	Jakarta	Loss insurance	1986	99.99%	99.99%	5,683,411	4,761,738
PT Sinar Mas Multifinance (SMF)	Jakarta	Multifinance	1996	99.99%	99.99%	3,094,587	2,824,709
PT Sinarmas Sekuritas (SMS)	Jakarta	Securities	1992	99.99%	99.99%	1,043,248	1,169,586
PT AB Sinar Mas Multifinance (ABSM)	Jakarta	Multifinance	1995	99.99%	99.99%	255,538	235,652
PT Shinta Utama (SU)	Jakarta	General trading	1991	99.30%	99.30%	216,543	215,934
PT Rizky Lancar Sentosa (RLS)	Jakarta	Property	2001	99.99%	-	161,854	-
PT Jakarta Teknologi Utama (JTU) (formerly PT Jakarta Teknologi Utama Motor)	Jakarta	Workshop	1999	99.97%	99.95%	159,951	101,284
PT Asuransi Simas Net	Jakarta	On-line insurance	2013	1.00%	-	100,033	-
PT Sinartama Gunita (STG)	Jakarta	Shares registrar	1992	99.80%	99.80%	23,469	21,930
Sinar Mas Insurance (SMI)	Democratic Republic of Timor Leste	Loss insurance	2011	10.00%	10.00%	5,994	4,849
Global Asian Investment Limited (GAI)	Hong Kong	Investment	2012	100.00%	100.00%	5,091	4,643
PT Simas Money Changer (SMC)	Jakarta	Money changer	2003	99.90%	99.90%	4,079	3,752
PT Balai Lelang Sinarmas (BLS)*	Jakarta	Auction house	2008	99.90%	99.90%	1,534	1,435
PT Wapindo Jasaartha (WJA)	Jakarta	Trading & services	2000	99.90%	99.90%	1,440	1,431
PT Arthamas Konsulindo (AMK)*	Jakarta	Insurance agency	2000	99.99%	99.99%	967	919
PT Arthamas Solusindo (AMS)*	Jakarta	Information services	2000	99.99%	99.99%	763	760
PT Sinar Artha Solusindo (SAS)*	Jakarta	Trading & services	2000	99.60%	99.60%	195	125
PT Arthamas Informatika (AMI)*	Jakarta	Trading & services	2000	99.60%	99.60%	185	122
PT Komunindo Arga Digital (KAD)*	Jakarta	Trading & services	2000	95.00%	95.00%	102	80
PT Sinar Artha Inforindo (SAI)*	Jakarta	Information services	2000	99.60%	99.60%	72	58
PT Artha Bina Usaha (ABU)*	Jakarta	Trading & services	2008	92.00%	92.00%	74	59
PT Sinar Artha Konsulindo (SAK)*	Jakarta	Insurance agency	2000	99.75%	99.75%	4	4
PT Sinar Artha Trading (SAT)*	Jakarta	General trading	2008	92.00%	92.00%	1	1
Indirect acquisitions							
PT Sinarmas Asset Management (SAM) (through PT Sinarmas Sekuritas)	Jakarta	Asset management	2011	99.98%	99.98%	113,935	86,087
PT Asuransi Simas Net (through PT Asuransi Sinar Mas)	Jakarta	On-line insurance	2013	99.98%	-	100,033	-
PT Sinarmas Futures (SF) (through PT Sinarmas Sekuritas)	Jakarta	Commodity trading	2004	99.98%	99.98%	29,013	28,804
PT Autopro Utama Perkasa (AUP) (through PT Jakarta Teknologi Utama Motor)	Jakarta	Workshop	2006	99.88%	99.88%	26,020	16,019
Nanjing Sinar Mas & ZiJin Venture Capital Management (NSZ) (through Global Asian Investment Limited)	Nanjing, China	Fund management	2012	60.00%	60.00%	12,670	6,827
Sinar Mas Insurance (SMI) (through PT Asuransi Sinar Mas and PT Shinta Utama)	Democratic Republic of Timor Leste	Loss insurance	2011	89,92%	89,92%	5,994	4,849
PT Golden Tropical (GT) (through PT Shinta Utama)	Jakarta	Commodity trading	2011	-	49.65%	-	6,542

*) Subsidiaries have not operate yet

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Acquisitions and Disposals

PT Rizky Lancar Sentosa (RLS)

In September 2013, the Company acquired 177,499 shares or 99.99% ownership interest in RLS from AJSM and other shareholders at an acquisition cost of Rp 177,499.

The transaction value, fair value, and carrying value of assets and liabilities of RLS on acquisition date are shown in table below:

	Carrying Value	Fair Value
Cash	3,062	3,062
Trade accounts receivable	758	758
Prepaid taxes	780	780
Property and equipment - net	1,170	1,170
Investment properties - net	154,282	181,689
Other assets	909	909
Taxes payable	(12)	(12)
Unearned income	(2,281)	(2,281)
Other liabilities	(8,575)	(8,575)
Net assets	150,093	177,500
Deferred tax liabilities		(6,852)
Net assets after deferred tax		170,648
Goodwill		6,852
PT Shinta Utama		(1)
Consideration paid		177,499

Cash flows for acquisition of RLS on acqusition date are as follows:

	Amount
Consideration paid	177,499
Cash balance of subsidiary on acquisition date	(3,062)
Net cash flows for acquisition	174,437

Global Asian Investment Limited (GAI)

On November 12, 2012, the Company acquired 100% ownership interest in GAI, which is domiciled in Hong Kong and operates as an investment company, for an acquistion cost of HKD 1 and loan granted amounted to HKD 3,720,479. GAI has no assets and liabilities and no goodwill arose from the acquisition. On the same date, GAI invested in shares of Sinar Mas & ZiJin Venture Capital Management (NSZ) with acquisition cost of USD 480,000 or representing 60% ownership interest.

PT Bank Sinarmas Tbk (BS)

BS obtained an approval from the Minister of Finance of the Republic of Indonesia to engage in general banking business in his Decision Letter No. KEP-156/KMK.013/1990 dated February 16, 1990. Pursuant to Bank Indonesia's Decree No. 27/156/KEP/DIR dated March 22, 1995, BS was authorized to operate as a Foreign Exchange Bank. BS obtained an approval from the Bank Indonesia to open a branch which was based on Syariah principles in his Decision Letter Deputy Governor of Bank Indonesia No. 11/13/KEP.DpG/2009 dated October 27, 2009.

On November 29, 2010, BS obtained the Notice of Effectivity from the Chairman of Bapepam - LK (currently OJK) in his letter No. S-10683/BL/2010 of its initial public offering of shares and being a publicly listed company.

On June 15, 2012, BS obtained the Notice of Effectivity from the Chairman of Bapepam and LK (currently OJK) in his letter No. S-7461/BL/2012 for Limited Public Offering I. In relation to Limited Public Offering I, the Company and SU exercised their preemptive rights to buy shares of BS, thus, there is no change in their respective ownership interest in BS.

In 2012, the non-controlling shareholder (public) converted warrants of BS into shares, thus, the ownership of the Company and SU in BS were diluted to 56.47% and 3.53%, respectively, as of December 31, 2012. The impact of the dilution in ownership interest amounting to Rp 2,347 was recognized as "Other equity component – share in gain on change in ownership interest in subsidiaries and associates" in equity sectionof the 2012 consolidated statement of financial position (Note 36).

In 2013, the Company and the non-controlling shareholder (public) converted warrants of BS into shares, thus, the ownership of the Company and SU in BS were diluted to 57.17% and 2.77%, respectively as of December 31, 2013. The impact of the dilution in ownership interest amounting to Rp 138 was recognized as "Other equity component – share in gain on change in ownership interest in subsidiaries and associates" in equity section of the 2013 consolidated statement of financial position (Note 36).

PT Asuransi Jiwa Sinarmas MSIG (AJSM)

AJSM obtained an approval from the Minister of Finance of the Republic of Indonesia to engage in life insurance business based on its Decision Letter No. KEP-107/KM.13/1989 dated August 5, 1989.

In April 2012, AJSM declared and distributed dividends to the Company and Mitsui Sumitomo Insurance, Co. Ltd., Japan, amounting to Rp 148,834.

In June 2013, AJSM declared and distributed dividends to the Company and Mitsui Sumitomo Insurance, Co. Ltd., Japan, amounting to Rp 246,098.

PT Asuransi Simas Net (ASN)

On December 13, 2013, the Company and PT Asuransi Sinar Mas established ASN which engages in on-line insurance business, by investing Rp 1,000 and Rp 99,000, or representing 1% and 99% ownership interest in ASN, respectively.

PT Sinar Mas Insurance (SMI)

In February 2012, the Company, ASM and SU made additional investments in shares of SMI amounting to Rp 90, Rp 720 and Rp 90, respectively. The increase in investment did not change their direct ownership interest in SMI.

PT Autopro Utama Perkasa (AUP)

In July 2012, JTU made additional investment in shares of AUP amounting to Rp 7,500. The increase in investment did not change its direct ownership interest in AUP.

In May 2013, JTU made additional investment in shares of AUP amounting to Rp 10,000.The increase in investment did not change its direct ownership interest in AUP.

PT Sinar Mas Multifinance (SMF)

SMF obtained an approval from the Minister of Finance of the Republic of Indonesia to engage in finance leasing, factoring and consumer financing in his Decision Letter No. 441/KMK.017/1996 dated June 21, 1996.

In September 2012, the Company increased its investment in SMF amounting to Rp 100,000. The increase in investment did not change its direct ownership interest in SMF.

In April 2013, the Company increased its investment in SMF amounting to Rp 300,000. The increase in investment did not change its direct ownership interest in SMF.

In April 2013, SMF declare and distribute dividends to the Company and STG totaling to Rp 115,000.

PT Jakarta Teknologi Utama Motor (JTU)

In June 2012, the Company increased its investment in JTU amounting to Rp 25,000, thus, increased its direct ownership interest in JTU from 99.93% to 99.95%.

In April 2013, the Company increased its investment in JTU amounting to Rp 50,000, thus, increased its direct ownership interest in JTU from 99.95% to 99.97%.

PT Shinta Utama (SU)

In July 2012, the Company made advances for investment in shares of SU amounting to Rp 10,000.

In December 2013, SU has sold all of its investment in shares of PT Golden Tropical to third party amounting to Rp 1,500.

PT Sinarmas Futures (SF)

SF obtained an approval from Commodity Measurement Trading Supervisory Agency to engage in business activity as measurement broker in its Decision Letter No.889/BAPPEBTI/SI/3/2006 dated March 27, 2006.

In October 2004, SMS and SMF established SF which engages in commodity trading. SMS's ownership interest in SF as of December 2013 and 2012 is 99.75%.

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PT Asuransi Sinar Mas (ASM)

ASM obtained an approval from the Minister of Finance of the Republic of Indonesia through the Directorate General of Domestic Monetary Affairs to engage in loss insurance under Decree No KEP-2562/MD/1986 dated April 21, 1986. ASM obtained an approval from the Minister of Finance of the Republic of Indonesia to open a branch which was based on Sharia principles in his Decision Letter No. 253/KM.6/2004 dated June 25, 2004.

PT Sinarmas Sekuritas (SMS)

SMS obtained an approval from the Capital Market Supervisory Agency or Bapepam - LK to engage in stock brokerage, stock underwriting and as an investment manager in its Decision Letters No. Kep-82/PM/1992 dated February 29, 1992, No. Kep 83/PM/1992 dated February 29, 1992 and No. Kep-02/PM/MI/2000 dated May 15, 2000, respectively.

PT AB Sinar Mas Multifinance (ABSM)

ABSM obtained an approval from the Minister of Finance of the Republic of Indonesia to engage in finance leasing, factoring and consumer financing in his Decision Letter No. 525/KMK.017/1995 dated November 17, 1995.

PT Sinartama Gunita (STG)

STG obtained an approval from Capital Market Supervisory Agency (Bapepam - LK or currently OJK) to engage in business activities as shares registrar in its Decision Letter No. Kep-82/PM/1991 dated September 30, 1991.

d. Employees, Directors and Commissioners

The Company's management at December 31, 2013 based on Notarial Deed No. 28 dated June 10, 2013 of Aryanti Artisari, S.H., M.H., public notary in Jakarta, consists of the following :

President Commissioner	:	Indra Widjaja
Commissioner	:	Howen Widjaja
Independent Commissioners	:	Sunarto
		Agustinus Antonius
President Director	:	Doddy Susanto
Directors	:	Kurniawan Udjaja
		Fuganto Widjaja
		Dani Lihardja
Non Affiliated Director	:	Agus Leman Gunawan

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The Company's management at December 31, 2012 based on Notarial Deed No. 18 dated June 15, 2012 of Andalia Farida, S.H., M.H., public notary in Jakarta, consists of the following :

President Commissioner	:	Indra Widjaja
Commissioner	:	Howen Widjaja
Independent Commissioners	:	Sunarto Agustinus Antonius
President Director	:	Doddy Susanto
Director	:	Kurniawan Udjaja
Non Affiliated Director	:	Agus Leman Gunawan

As of December 31, 2013 and 2012, the Company's Audit Committee based on Notarial Deed No. 141 dated June 17, 2008 of Sutjipto, S.H., public notary in Jakarta, consists of the following:

Chairman	:	Sunarto
Members	:	Rusli Prakarsa Pande Putu Raka

The form of the Company's Audit Committee complies with Regulation No. IX.I.5 concerning the "Form and Orientation of the Audit Committee Working Implementation".

Key management personnel consist of Commissioners, Directors, Head of Division, Group Head, the Coordinator of the Region and Branch Managers.

As of December 31, 2013 and 2012, the Company has a total number of permanent employees (unaudited) of16 and12, respectively. As of December 31, 2013 and 2012, the Group has a total number of permanent employees (unaudited) of6,014 and 5,827, respectively.

The consolidated financial statements of PT Sinar Mas Multiartha Tbk and its subsidiaries for the year ended December 31, 2013 were completed and authorized for issuance by the Company's Directors on March 27, 2014 who are responsible for the preparation and presentation of the consolidated financial statements.

2. Summary of Significant Accounting and Financial Reporting Policies

a. Basis of Consolidated Financial StatementsPreparation and Measurement

The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards "SAK", which comprise the statements and interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants.

The consolidated financial statements have been prepared and presented in conformity with Regulation No. VIII.G.7. regarding "Presentation and Disclosures of Public Companies' Financial Statements" included in the Appendix of the Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency (Bapepam – LK) (currently Financial Services Authority) No. KEP-347/BL/2012 dated June 25, 2012.

Such consolidated financial statements are an English translation of the Group's statutory report in Indonesia.

The consolidated financial statements are prepared in accordance with the Statements of Financial Accounting Standard ("PSAK") No. 1 (Revised 2009), "Presentation of Financial Statements".

The measurement basis used is the historical cost, except for certain accounts which are measured on the bases described in the related accounting policies. The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting.

The consolidated statement of cash flows are prepared using the modified direct method with classifications of cash flows into operating, investing, and financing activities. For the purpose of the consolidated statements of cash flows, cash and cash equivalents include cash, cash in banks, demand deposits with Bank Indonesia, and other liquid deposits, with original maturity of three (3) months or less from the acquisition date and funds placed in securities companies.

The accounting policies adopted in the preparation of the consolidated financial statements for the year ended December 31, 2013 are consistent with those adopted in the preparation of the consolidated financial statements for the year ended December 31, 2012, except for the impact of the adoption of several amended PSAK effective January 1, 2013 as disclosed in this note.

The reporting currency used in the preparation of the consolidated financial statements is the Indonesian Rupiah (Rupiah) which is also the functional currency of the Group.

The preparation of consolidated financial statements in conformity with Indonesian Financial Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

b. Adoption of Statement of Financial Accounting Standard (PSAK) No. 38 (Revised 2012), "Business Combination of Entities Under Common Control", Effective January 1, 2013

This standard clarifies that any difference between amount of consideration transferred and the carrying value of each business combination of entities under common control is recognized in equity section and presented as additional paid-in capital.

In relation to the adoption of PSAK No. 38 (Revised 2012), the Group has reclassified the "Difference in value arising from restructuring transactions among entities under common control" account to "Additional paid-in capital" (Note 35).

c. Principles of Consolidation

Effective January 1, 2011, the Group retrospectively adopted PSAK No. 4 (Revised 2009), “Consolidated and Separate Financial Statements”, except for the following items that were applied prospectively: (i) losses of a subsidiary that result in a deficit balance to noncontrolling interests (“NCI”); (ii) loss of control over a subsidiary; (iii) change in the ownership interest in a subsidiary that does not result in a loss of control; (iv) potential voting rights in determining the existence of control; and (v) consolidation of a subsidiary that is subject to long-term restriction.

The consolidated financial statements include the accounts of the Company and Subsidiaries mentioned in Note 1c.

Inter-company transactions, balances and unrealized gains or loss on transactions between Group companies are eliminated.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtained control, and continue to be consolidated until the date such control ceases. Control is presumed to exist if the Company owns, directly or indirectly through another subsidiary, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists under certain circumstances when there is:

- power over more than half of the voting rights by virtue of an agreement with other investors;
- power to govern the financial and operating policies of the entity under a statute or an agreement;
- power to appoint or remove the majority of the members of the board of directors or board of commissioners or equivalent governing body and control of the entity is by that board or body; or
- power to cast the majority of votes at meetings of the board of directors or board of commissioners or equivalent governing body and control of the entity is by that board or body.

Losses of a non-wholly owned subsidiary are attributed to the NCI even if that results in a deficit balance.

In case of loss of control over a subsidiary, the Company and/or its subsidiaries:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any NCI;
- derecognizes the cumulative translation differences, recorded in equity, if any;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

NCI represents the portion of the profit or loss and net assets of the subsidiaries attributable to equity interests that are not owned directly or indirectly by the Company, which are presented in the consolidated statement of comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to owners of the Company.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

d. Accounting for Business Combination

Among Entities Not Under Common Control

Business combinations, except business combination among entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests (NCI) in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs incurred are directly expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PSAK No. 55 either in profit or loss or as other comprehensive income. If the contingent consideration is classified as equity, it should not be measured until it is finally settled within equity.

At acquisition date, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company and/or its subsidiaries' cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquired are assigned to those CGUs.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Among Entities Under Common Control

Entities under common control are parties which directly or indirectly (through one or more intermediaries) control, or are controlled by or are under the same control.

Business combination of entities under common control is a business combination of all entities or combined businesses, which are ultimately controlled by the same party (prior or subsequent to the business combination), in which the control is not temporary.

Business combination transaction of entities under common control in form of business transfer with regard to reorganization of entities within the same group of companies does not result in a change of the economic substance of the ownership, in which the transaction does not incur gain or loss to the group as a whole or to the individual company within the group. Therefore, the transaction is recognized at carrying value based on pooling of interest method.

Any difference between amount of consideration transferred and the carrying value of each business combination of entities under common control is recognized as additional paid-in capital as part of equity section in the consolidated statement of financial position.

An entity which is disposing a business unit in connection with the disposal of a business unit of an entity under common control recognizes the difference between the consideration received and carrying amount of the disposed business unit as additional paid-in capital as part of equity section in the consolidated statement of financial position.

e. Foreign Currency Translation

Functional and Reporting Currencies

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The consolidated financial statements are presented in Rupiah which is the Group functional and presentation currency.

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of comprehensive income. Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Translation differences on equities and similar non-monetary items measured at fair value are recognized in profit or loss.

As of December 31, 2013 and 2012, the conversion rates used by the Group were the middle rates of Bank Indonesia of Rp 12,189 (in full Rupiah amount) and Rp 9,670 (in full Rupiah amount), respectively, per US$ 1.

The conversion rates used by BS (a subsidiary engaged in banking) to translate monetary assets and liabilities as of December 31, 2013 and 2012, are the Reuters rate at 16:00 WIB of Rp 12,170 (in full Rupiah amount) and Rp 9,637.5 (in full Rupiah amount), respectively, per US$ 1.

Group Companies

The results and financial position of all the Group companies that have a functional currency different from the reporting currency are translated into the reporting currency as follows:

a. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
b. income and expenses for each statement of income are translated at average exchange rates; and
c. all resulting exchange differences are recognizedas a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to equity. When a foreign operation is sold, such exchange differences arising from the translation of the net investment in such foreign operation taken to equity are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

As of December 31, 2013 and 2012, Global Asian Investment Limited (GAI), a subsidiary, and Sinar Mas Insurance (SMI), a subsidiary of ASM, use the United States Dollar as their functional currency, and Nanjing Sinar Mas & ZiJin Venture Capital Management Co Ltd (NSZ), a subsidiary of GAI, uses the China Yuan as its functional currency.

The translation of the net investment in foreign entities is taken to equity. When a foreign operation is sold, exchange differences arising from the translation of the net investment in such foreign operation taken to equity are recognized in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

f. Transactions with Related Parties

A related party is a person or entity that is related to the Group:

1. A person or a close member of that person's family is related to the Group if that person:

   a. has control or joint control over the Group;
   b. has significant influence over the Group; or
   c. is a member of the key management personnel of the reporting entity or of a parent of the Group.

2. An entity is related to the Group if any of the following conditions applies:

   a. The entity and the Group are members of the same group.
   b. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   c. Both entities are joint ventures of the same third party.
   d. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   e. The entity is a post-employment defined benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
   f. The entity is controlled or jointly controlled by a person identified in (1).

g. A person identified in (1) (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

All significant transactions with related parties are disclosed in the consolidated financial statements.

g. Cash and Cash in Banks

Cash and cash in banks consist of cash on hand and cash in banks, and short term investment, with original maturities of three (3) months or less from the date of placements,and which are not used as collateral and are not restricted.

h. Minimum Liquidity Reserve

On October 4, 2010, Bank Indonesia (BI) issued a regulation No.12/19/PBI/2010 regarding Statutory Reserves at Bank Indonesia for Commercial Banks in Rupiah and Foreign Currencies, as amended by Bank Indonesia Regulation (PBI) No. 13/10/PBI/2011 dated February 9, 2011. The latest amendment is PBI No. 15/15/PBI/2013 which effective since December 24, 2013. Based on the Bank Indonesia Regulation, the statutory reserve consists of Rupiah and Foreign Currency Reserve. Statutory Reserve in Rupiah consist of Primary Reserve, Secondary Reserve, and Loan to Deposit Ratio (LDR) Reserve.

Primary Statutory Reserve is a minimum deposit that should be maintained by the bank in current account with BI based on a certain percentage of Third Party Fund (TPF) as determined by BI.

Secondary Statutory Reserve is a minimum deposit that should be maintained by the bank in the form of Bank Indonesia Certificates (SBI), Government Debenture Debt (SUN) and/or Excess Reserve, based on certain percentage of TPF in accordance with the regulation.

LDR Reserve is a minimum deposit required to be maintained by the banks in the form of current account with BI for the percentage of TPF which is calculated based on the difference of LDR held by banks and Target LDR which must be complied by banks.

i. Financial Instruments

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position if, and only if, it becomes a party to the contractual provisions of the instrument. All regular way purchases and sales of financial instruments are recognized on the transaction date.

Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by reference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for financial instruments at fair value through profit and loss (FVPL), includes transaction costs.

Transaction costs include only those costs that are directly attributable to the acquisition of a financial asset or issue of financial liability and they are incremental costs that would not have been incurred if the instrument had not been acquired or issued. Such transaction costs are amortized over the terms of the instruments based on the effective interest rate method.

Effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and allocating the interest income or expense over the relevant period by using an interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the instruments or, when appropriate, a shorter period to the net carrying amount of the financial instruments. When calculating the effective interest, the Group estimates future cash flows considering all contractual terms of the financial instruments excluding future credit losses and includes all fees and points paid or received that are an integral part of the effective interest rate.

Amortized cost is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

The classification of the financial instruments depends on the purpose for which the instruments were acquired and whether they are quoted in an active market. At initial recognition, the Group classifies its financial instruments in following categories: financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, available for sale (AFS) financial assets, financial liabilities at FVPL, and other financial liabilities; and, where allowed and appropriate, re-evaluates such classification at every reporting date.

Determination of Fair Value

The fair value of financial instruments traded in active markets at the statements of financial position date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction is used since it provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction. For all other financial instruments not listed in an active market, except investment in unquoted equity securities, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models, and other relevant valuation models. In the absence of a reliable basis for determining fair value, investments in unquoted equity securities are carried at cost net of impairment.

The Group classifies the measurement of fair value by using fair value hierarchy which reflects significance of inputs used to measure the fair value. The fair value hierarchy is as follows:

1. Quoted prices in active market for identical assets or liabilities (Level 1);
2. Inputs other than quoted prices included within Level 1, and are either directly or indirectly observable for assets or liabilities (Level 2);
3. Inputs for assets and liabilities which are not derived from observable data (Level 3).

The level in fair value hierarchy to determine the measurement of fair value as a whole is determined based on the lowest level of input which is significant to the measurement of fair value. Assessment of significance of an input to the measurement of fair value as a whole needs necessary judgments by considering specific factors of the assets or liabilities.

"Day 1" Profit/Loss

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" profit/loss) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where the data is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" profit/loss amount.

Financial Assets

1. Financial Assets at FVPL

   Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

   Financial assets may be designated at initial recognition at FVPL if the following criteria are met:

   a. The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the financial assets or recognizing gains or losses on them on a different basis;

   b. The assets are part of a group of financial assets, financial liabilities or both which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

   c. The financial instruments contain an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.

   Financial assets at FVPL are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recognized directly in the consolidated statement of comprehensive income. Interest earned is recorded as interest income, while dividend income is recorded as part of other income according to the terms of the contract, or when the right of payment has been established.

   As of December 31, 2013 and 2012, this category includes short-term investments – securities (bonds, unit of mutual fund, shares and warrants which are traded in the Indonesia Stock Exchange), segregated funds net assets – unit link and other assets – derivative assets.

2. Loans and Receivables

   Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not classified as financial assets at FVPL, HTM investments or AFS financial assets.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the effective interest rate. The amortization is included as part of interest income in the consolidated statement of comprehensive income. The losses arising from impairment are recognized in the consolidated statement of comprehensive income.

As of December 31, 2013 and 2012, this category includes cash and cash in banks, short-term investments (time deposits, placement with other banks, and securities - export bill receivables), securities purchased under agreements to resell, consumer finance receivables, net investments in finance lease, factoring receivables, loans,acceptance receivables, securities agent receivables, other accounts receivable, and other assets (security deposits).

3. HTM Investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. When the Group sells or reclassifies other than an insignificant amount of HTM investments before maturity, the entire category would be tainted and reclassified as AFS financial assets.

After initial measurement, these investments are subsequently measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included as part of interest income in the consolidated statement of comprehensive income. Gains and losses are recognized in the consolidated statement of comprehensive income when the HTM investments are derecognized and impaired, as well as through the amortization process using effective interest method.

As of December 31, 2013 and 2012, the Group has no financial assets in this category.

4. AFS Financial Assets

AFS financial assets are those which are designated as such or not classified in any of the other categories. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized as other comprehensive income, until the investment is sold, or determined to be impaired, at which time the cumulative gain or loss is reclassified to the profit and loss and removed from comprehensive income.

As of December 31, 2013 and 2012, this category includes short-term invesments – securities (bonds, Republic of Indonesia – ROI Loans, shares that are traded in Indonesia Stock Exchange, and certain investments in shares.

In the absence of a reliable basis for determining the fair value, the Group's investments in shares of stock enumerated in Note 17 are carried at cost, net of any impairment.

Financial Liabilities

1. Financial Liabilities at FVPL

   Financial liabilities are classified in this category if these result from trading activities or derivative transactions that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category.

   Changes in fair value are recognized directly in the consolidated statement of comprehensive income.

   As of December 31, 2013 and 2012, this category includes segregated funds contract liabilities – unit linked policies.

2. Other Financial Liabilities

   This category pertains to financial liabilities that are not held for trading or not designated at FVPL upon the inception of the liability.

   Issued financial instruments or their components, which are not classified as financial liabilities at FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

   Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount, and any directly attributable transaction costs.

   As of December 31, 2013 and 2012, this category includes deposits and deposits from other banks, securities sold under agreement to repurchase, securities agent payables, accrued expenses, securities issued, loans received, and other liabilities.

Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

1. Hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges); or
2. Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

In doing the business, the Group has derivative financial instrument transactions such as spot and forward. Derivative are carried as assets when the fair value is positive and as liabilities when the fairvalue is negative. Consequently, gains and losses from changes in fair value of these derivative are recognized immediately in the consolidated statement of comprehensive income.

1. Fair Value Hedge

   Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognized in the profit or loss within “Interest expense”, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognized in the profit or loss.

   If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item, for which the effective interest method is used, is amortized to profit or loss over the period to maturity.

2. Cash Flow Hedge

   The effective portion of changes in the fair value of derivatives that are designated and qualify as a cash flow hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the profit or loss.

   Amounts accumulated in equity are recycled to profit or loss in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging floating rate borrowings is recognized in the profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Impairment of Financial Assets

The Group’s management assesses at each consolidated statement of financial position date whether a financial asset or group of financial assets is impaired.

1. Assets Carried at Amortized Cost

   The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan with the terms that the Company would not otherwise consider if the borrower has no financial difficulties, indications that a borrower or issuer will enter into bankruptcy, disappearance of an active market for a security due to financial difficulties, observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

The management first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the management determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss, is or continues to be recognized are not included in a collective assessment of impairment.

If there is an objective evidence that an impairment has been incurred on financial assets in loans and receivables or HTM investments category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of loss is charged to the consolidated statement of comprehensive income.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective assessment impairment, financial assets are grouped based on similar characteristics such as credit risk and credit segmentation considering delinquent status. The characteristics chosen are relevant to the estimation of future cash flows from the assets that indicates the ability of the debtor or counterparty to pay all liabilities with maturities corresponding contractual terms of the assets being assessed.

Future cash flows from the financial assets that are collectively assessed for impairment, are estimated based on contractual cash flows and historical loss experience for assets with similar credit risk characteristics of the group. Historical loss experience is adjusted on the basis of current observable data to reflect effects in the period in which the experience is based and to remove the effects of conditions in the historical period that do not currently exist.

If, in a subsequent year, the amount of the impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

When a financial asset is uncollectible, it is written off against the related allowance for impairment loss. Such financial assetis written off after all the necessary procedures have been completed and the amount of the loss has been determined.

2. Assets Carried at Cost

   If there is an objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

3. AFS Financial Assets

   In case of equity investments classified as AFS, assessment of any impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the profit and loss is removed from equity and recognized in the profit and loss. Impairment losses on equity investments are not reversed through the profit and loss. Increases in fair value after impairment are recognized directly in equity.

   In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of interest income in the consolidated statement of comprehensive income. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of comprehensive income, the impairment loss is reversed through the profit and loss.

Derecognition of Financial Assets and Liabilities

1. Financial Assets

   Financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

   a. The rights to receive cash flows from the asset have expired;
   b. The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
   c. The Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

   Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2. Financial Liabilities

A financial liability is derecognized when the obligation under the contract is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability. The recognition of a new liability and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

j. Securities

Securities consist of SBI, corporate bonds, medium term notes, export bill receivables, and other money market and capital market securities.

Government Bonds consist of Government Bonds from the recapitalization program and Government Bonds purchased from the market.

Securities and Government Bonds are classified as financial assets held for trading, loans and receivables, and available for sale. Refer to Note 2i for the accounting policy for financial assets held for trading, loans and receivables and available for sale.

Securities and Government Bonds are initially measured at fair value plus directly attributable transaction costs. For securities and Government Bonds measured at fair value through profit and loss, the transaction costs is directly charged to profit/loss.

Investment in Sukuk

1. Investment in sukuk measured at cost

Investment in sukuk is initially measured at cost, including transaction costs. The difference between the acquisition cost and the nominal value is amortized on a straight-line basis over the term of the sukuk.

If indication of impairment exists then the amount of impairment loss is measured as the difference between the recoverable amount of sukuk and its carrying value.

2. Investment in sukuk measured at fair value

Investment in sukuk is measured at cost, excluding transaction costs. After initial recognition, the difference between the fair value and the carrying amount is recognized in the consolidated statement of comprehensive income.

k. Consumer Financing Receivables

Consumer financing is financing activity for procurement of goods based on the needs of consumer with payment by installments.

Consumer financing receivables are categorized as loans and receivable and are stated at amortized cost less allowance for doubtful accounts (see Note 2i). Interest income is recognized based on the effective interest rate method.

In relation to joint consumer financing transactions and channeling of consumer financing receivables with other parties, the Group's responsibility is to collect and administer the transferred consumer financing receivables. The difference between the interest charged to the customers by the Group and the interest charged by the investors is recognized as income by the Group and directly credited to the "Consumer financing income" account in the consolidated statements of comprehensive income.

In joint financing and credit channeling transactions on a with recourse basis, the Group recognizes assets or liabilities in its books. In joint financing and credit channeling transactions on a without recourse basis, the assets are presented at net amounts in the consolidated statements of financial position.

Receivables are deemed uncollectible if the debtors are unable to pay and, and have been delinquent for more than 90 to 120 days.

The Group repossesses the collateral – vehicle if the consumers had not made payments despite issuance of two collection letters. When the collateral - vehicle has been repossessed from the consumers, the consumer financing receivables are written off.

The repossessed vehicle is stated at the lower of the carrying value of consumer finance receivables or net realizable values. Any difference between the carrying amount and net realizable value is recorded as the allowance for impairment loss and normally charged to operations in the year such costs are incurred. In the settlement of receivables, the consumer authorizes the Group to sell the vehicle or perform other actions in case of breach of the financing agreement. If the selling price of the vehicle is lower than the collateral value of financing receivables, the difference is charged tothe consolidated statement of comprehensive income.

l. Lease Transactions

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

1. there is a change in contractual terms, other than a renewal or extension of the agreement;
2. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
3. there is a change in the determination of whether the fulfillment is dependent on a specified asset; or
4. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios 1, 3 or 4 and the date of renewal or extension period for scenario 2.

1. Accounting Treatment as a Lessee

   Finance Lease

   Leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest in the remaining balance of the liability. Finance charges are charged directly against consolidated statement of comprehensive income.

   Capitalized leased assets are depreciated over the estimated useful life of the assets except if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

   Operating Lease

   Operating lease payments are recognized as an expense in the consolidated statements of comprehensive income on a straight-line basis over the lease term.

2. Accounting Treatment as a Lessor

   Finance Lease

   Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the lessee. Amount due from lessees under finance leases are recorded at the amount of the Group's net investments in finance lease.

   Net investments in finance lease consist of the total lease receivables plus the guaranteed residual value (option price) to be received at the end of the lease period, less unearned lease income, security deposits, and allowance for impairment losses.

   The difference between the finance lease receivables plus the guaranteed residual value and the acquisition cost of the leased assets is recorded as unearned lease income. This is recognized as finance lease income over the lease period at a periodic rate of return on the net investments in finance lease. The Group does not recognize interest income from finance lease receivables which are overdue for more than ninety (90) days. Such interest income is recognized as income when already received.

   At the inception of the lease, if the leased asset has residual value at the end of the lease period, the lessee is required to make a security deposit which will be applied as payment to the purchase option price of the leased asset at the end of the lease period if the option to purchase is exercised by the lessee. Otherwise, the security deposit will be returned to the lessee at the end of the lease period.

   If the leased assets are sold to the lessee before the end of the lease period, the difference between the sales price and the net investments in finance lease is recorded as gain or loss at the time of sale.

Operating Lease

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

m. Factoring Receivables

Factoring of receivables is a financing activity in the form of the purchase of short term trade receivables of Group including administration of the receivables.

Factoring receivables are categorized as loans and receivables and are stated at amortized cost less allowance for doubtful accounts (see Note 2i).

In transfer of factoring receivable transactions, the Group transfers its factoring receivables to equivalent amount of fund received from the investors. The Group's responsibility is to collect and administer the transferred factoring receivables. The difference between the interest charged to the customers by the Group and the interest charged by the investors is recognized as income by the Group and directly credited to the "Factoring income" account in the consolidated statements of comprehensive income.

In transfer of factoring receivable transactions on a with recourse basis, the Group recognizes assets and liabilities in its books. In transfer of factoring receivable transactions on a without recourse basis, the assets are presented at net amounts in the consolidated statements of financial position.

Factoring receivables are written off through an allowance for impairment losses when management believes that the accounts should be written off because the consumers are unable to pay or difficult to be billed. Subsequent collection of factoring receivables written off in current year or prior year, is credited to allowance for impairment losses.

n. Segregated Funds Net Assets and Contract Liabilities – Unit Link

Certain long-duration contracts (unit-link policies) are linked to specific portfolios od assets. Such contracts provide benefits to policyholders, which are wholly or partly determined by reference to the value of specific investments or income there of. Such contracts also provide life insurance cover of guaranteed death benefits.

Investments held to cover the unik-linked policies are recognized and carried at fair value in the consolidated statements of financial position; the initial transaction costs, fair value adjustments and realized gains and losses are recognized in the consolidated statements of comprehensive income.

The liabilities which arose from unit-linked policies are recorded as segregated liabilities for unit-linked policies, which are designated as fair-value-through-profit-or-loss. Fair value of the units is measured in reference with the fair value of the underlying assets supporting the policies.

o. Loans

Loans represent provision of cash or cash equivalent based on agreements with borrowers, where borrowers are required to repay their debts with interest after specified periods.

Loans are classified as loans and receivables (refer to Note 2i)

Loans are initially measured at fair value plus transaction costs that are directly attributable and additional costs to acquire the asset, and after initial recognition are measured at amortized cost using the effective interest method less any allowance for impairment losses.

Included in loans are Islamic financing murabaha receivables. Murabaha is a contract of sale of goods with a selling price at cost plus profit (margin) as agreed and the seller must disclose the cost ofthe goods to the buyer.

Loan restructuring may involve a modification of the terms of the loans, conversion of loans into equity or other financial instruments and/or a combination of both.

Restructured loans are stated at the lower of carrying value of the loan at the time of restructuring or net present value of the total future cash receipts after restructuring. Losses arising from any excess of the carrying value of the loan at the time of restructuring over the net present value of the total future cash receipts after restructuring are recognized in profit/loss. Thereafter, all cash receipts under the new terms are accounted for as recovery of principal and interest revenue, in accordance with the restructuring scheme.

Sharia Unit

Specially for sharia business activities, BS, a subsidiary, provides an allowance for impairment losses of productive assets and estimated loss from off balance sheet transactios based on the evaluation of collectibility of each individual assets and off balance sheet transaction with credit risk in accordance with Bank Indonesia regulation.

p. Ijarah Assets

Ijarah Assets are recognized at cost (refer to PSAK No. 16: Fixed Assets and PSAK No. 19: Intangible Assets).

Ijarah assets, such as motorcycle, machinery, heavy equipment and software are depreciated or amortized over the lease term or the economic lives of assets, whichever is shorter, where at the end of the year, these assets are assigned to customer.

For the Ijarah muntahiyah bitamlik contracts (lease financing), if at the time of transfer of ownership of the Asset from the owner to the Ijarah tenant by grant, then the carrying amount is recognized as an Ijarah asset expense.

Lease income during lease term is recognized when the benefits of assets have been handed over to the lessee.

Ijarah income is presented net of related expenses such as, depreciation, maintenance and repairs expenses. Ijarah net income is presented as part of "Interest income" in the consolidated statements of comprehensive income.

q. Investments in Associates

Investments in associates are accounted for using the equity method of accounting and are initally recognized at cost. Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% to 50% of the voting rights. These investments include goodwill identified on acquisition, net of any impairment loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognized in consolidated statement of comprehensive income, and its share of post acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share in net income of associates" in the profit or loss. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of its interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Adjustments are made where necessary to conform the associate's accounting policies with the policies adopted by the Group.

Profits or losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates.

Dilution gains or losses arising from investments in associates are recognized in the consolidated statement of comprehensive income.

r. Investment Properties

Investment properties are measured at cost, including transaction costs, less accumulated depreciation and any impairment loss. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Investment properties in the form of the building, are depreciated using the straight-line method at 5% per annum.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

s. Property and Equipment

The Group adopted PSAK No.16 (2008), Property and Equipment. The Group elected to use the cost method for measurement of property and equipment.

Property and equipment, except land, are carried at cost, excluding day to day servicing, less accumulated depreciation and any impairment in value. Land is not depreciated and is stated at cost less any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties and taxes and any directly attributable costs in bringing the property and equipment to its working condition and location for its intended use.

Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance costs, are normally charged to operations in the year such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of the property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Initial legal costs incurred to obtain legal rights are recognized as part of the acquisition cost of the land, and these costs are not depreciated. Costs related to renewal of land rights are recognized as intangible assets and amortized during the period of the land rights.

All property and equipment, except for land and buildings, are depreciated over their estimated useful lives using the double-declining-balance method. Buildings are depreciated over their estimated useful lives using the straight-line method. The depreciation rates are as follows:

		Rate
Buidings:		
• Permanent		5%
• Non-permanent		10%
Property and equipment other than buildings:		
Class I	: Assets with useful lives of less than 4 years	50%
Class II	: Assets with useful lives of between 4 to 8 years	25%

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

When each major inspection is performed, its cost is recognized in the carrying amount of the item of property and equipment as a replacement if the recognition criteria are satisfied. Such major inspection is capitalized and amortized over the next major inspection activity.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. When assets are sold or retired, the cost and related accumulated depreciation and amortization and any impairment loss are eliminated from the accounts. Any gains or loss arising from de-recognition of property and equipment (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the year the item is derecognized.

The asset's residual values, if any, useful lives and depreciation method are reviewed and adjusted if appropriate, at each financial year end.

<u>Construction in Progress</u>

Construction in progress represents property and equipment under construction which is stated at cost and is not depreciated. The accumulated costs will be reclassified to the respective property and equipment account and will be depreciated when the construction is substantially complete and the asset is ready for its intended use.

t. Foreclosed Properties

Foreclosed properties are stated at the lower of carrying amount and fair value less costs to sell. The difference between between the value of the foreclosed properties and the outstanding loan principal, if any, is charged to the current year consolidated statement of comprehensive income.

The difference between the carrying value of the foreclosed property and the proceeds from its sale is recognized as a gain or loss in the period the property was sold.

The costs of maintenance of foreclosed properties are charged to consolidated statement of comprehensive income when incurred.

The carrying amount of the property is written-down to recognize a permanent dimunition in value of the foreclosed property, which is charged to the current year consolidated statement of comprehensive income.

Management evaluates regularly the carrying value of foreclosed property. The carrying amount of the property is written-down to recognize a permanent dimunition in value of the foreclosed property, which is charged to the current year consolidated statement of comprehensive income.

u. Prepaid Expenses

Prepaid expenses are amortized over their beneficial or contract periods using the straight-line method.

v. Impairment of Non-Financial Assets

The Group assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available.

If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, are recognized in the consolidated statement of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the consolidated statement of comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

w. Deposits and Deposits from Other Banks

Deposits and deposits from other banks are classified as financial liabilities measured at amortized cost using the effective interest method. Incremental costs directly attributable to the acquisition of deposits and deposits from other banks are deducted from the amount of deposits. Refer to Note 2i for the accounting policy for financial liabilities measured at amortized cost.

Deposits are liabilities to customers in the form of demand deposits, savings deposits and time deposits.

Demand deposits represent deposits of customers which may be used as instruments of payment, and which may be withdrawn at any time by checks, or other orders of payment or transfers.

Savings deposits represent deposits of customers which may only be withdrawn when certain agreed conditions at the account opening are met. They may not be withdrawn by checks or other equivalent instruments, except by using specific withdrawal slip which can only be validated at the depository bank and/or by using Automatic Teller Machine (ATM) card.

Time deposits represent deposits of customers which may only be withdrawn after a certain period of time in accordance with the agreement with the customers at the time of placement, or the customers will be fined or penalized if withdrawals are made before maturity.

Deposits include syariah deposits and unrestricted investments consisting of:

- Savings Wadiah is entrusted funds in the form of savings where income fund owners get a bonus.

- Unrestricted investments in current accounts, savings and time deposits represent deposits of customers' funds that provide benefits for the owner of funds from Islamic unit revenue for the use of these funds in accordance with the ratio determined and approved previously.

Deposits from other banks are liabilities to other banks in the form of demand deposits, call money less than or 90 days and time deposits with original maturities of each agreement.

x. Insurance Contracts

Insurance contracts are those contractswherein the insurers have accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the incurred event) adversely affects the policyholders.

A contract remains valid, even if the insurance risk is reduced significantly during this period, unless all rights and obligations are extinguished.

Reinsurance Assets

Reinsurance assets are thecedant's net contractual rightsunder a reinsurance contract. The amount of reinsurance asset of the liability for future policy benefits, unearned premiums and estimated claims liability are estimated in a manner consistent with the approach used in determining the liability for future policy benefits, unearned premiums and claims liability estimates, based on the terms and the terms of the insurance contract.

The Group’s management assesses at each consolidated statement of financial position date whether reinsurance assets are impaired. Reinsurance asset impairment occurs if, and only if, there is an objective evidence that the cedant did not receive the entire amount in accordance with the contract requirements and the impact can be measured reliably. Impairment loss is recognized in the consolidated of statement of comprehensive income.

Liabilities for Future Policy Benefits

Liabilities for future policy benefits represent the difference between the present value of future policy benefits and the present value of the expected future premiums.

The liabilities for future policy benefits are estimated by the Company's registered actuary based on outstanding policies in-force, including policies with unpaid premiums within the policy grace period, in accordance with actuarial principles generally accepted in Indonesia. Policy acquisition costs are not deferred and are charged to expense as incurred. Changes in liabilities for insurance policy benefits are recognized as underwriting expenses in the consolidated statement of comprehensive income for the current year.

<u>Unearned PremiumsandEstimated Claims Liability</u>

As of December 31, 2013, unearned premiums are calculated using the daily method by individual policy. While, as of December 31, 2012, ASM calculates unearned premiums in aggregate using a certain percentage which is at least 10% of net premiums for policies which cover a period of not more than one (1) month and at least 40% of net premiums for policies which cover a period of more than one (1) month, in accordance with the decree No. 424/KMK.06/2003 dated September 30, 2003 issued by the Minister of Finance of the Republic of Indonesia.

As of December 31, 2013, estimated claims liability represents amounts set aside to provide for the outstanding and incurred claims arising from insurance policies in force during the accounting period. The liability includes both reported and unreported claims. While, as of December 31, 2012, estimated claims liability are calculated in accordance with the guidelines set by the Minister of Finance of the Republic of Indonesia No. 424/KMK 06/2003 dated September 30, 2003.

<u>Insurance Contract Liabilities</u>

Insurance contract liabilities consist of premiums received in advance, estimated claim liabilities, unearned premium and liability for future policy benefits. On reporting date, the Group assesses insurance contract liabilities whether the recognized insurance liabilities are adequate using current estimates of future cash flow under the insurance contract. If the assessment represent insurance liability less related deferred acquisition cost is not adequate if compared to current estimates of future cash flows, the deficiency is recognized in the consolidated statement of comprehensive income.

y. Loans Received

Loans received are stated at amortized cost.

Loans received classified as financial liability measured at amortized cost using the effective interest rate method. Transaction costsare deducted from the loans received (Note 2i).

z. Securities Issued

Securities issued are securities issued in the form of Medium Term Notes (MTN) and bonds.

Medium term notes are classified as financial liabilities measured at amortized cost using the effective interest method. Transaction costs that are directly attributable to the acquisition of securities issued are deducted from the amount of securities issued (Note 2i).

aa. Financial Guarantee Contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss incurred because a specified debtor defaulted to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given from Group to bank, financial institutions and other institutions on behalf of customers to secure loans and other banking facilities.

Initial recognition of financial guarantees in the consolidated financial statements is recognized at fair value at the time the guarantee is given. The fair value of financial guarantee at the time of the transaction is generally equal to the premium received, with normal terms and conditions, and the initial fair value is amortized over the life of financial guarantee.

Subsequently, these contracts are measured at the higher of amortized amount and the present value of any expected payment (when a payment under the guarantee has become probable) and the difference is charged to other operating expense in the consolidated statement of comprehensive income.

ab. Stock Issuance Costs

Stock issuance costs are deducted from the additional paid-in capital portion of the related proceeds from issuance of shares and are not amortized.

ac. Revenue and Expense Recognition

1. <u>Recognition of Interest Revenues, Interest Expense, Sharia Revenue, and Revenue Sharing Distribution</u>

   Interest Revenue and Interest Expense

   Interest income and interest expense for all financial instruments are recognized in the consolidated statement of comprehensive income on accrual basis using the effective interest rate method.

   Transaction costs incurred and are directly attributable to the acquisition or issuance of financial instruments not measured at fair value through profit and loss are amortized over the life of financial instruments using the effective interest rate method and recorded as part of interest income for financial assets' directly attributable transaction costs, and as part of interest expense for transaction costs related to financial liabilities.

   If a financial asset or group of similar financial assets in the category are held to maturity, loans and receivables, and available for sale are impaired, the interest income earned after the impairment loss is recognized using the interest rate used for discounting future cash flows in calculating impairment losses.

   Revenue and Expense/Sharia Profit Sharing

   Revenue consists of income from murabahah sharia, income from muntahiyah bittamlik ijarah (lease), and profit sharing from mudharabah financing.

   Murabahah and revenue from ijarah muntahiyah bittamlik are recognized over the contract period on an accrual basis. Revenues from profit sharing of mudharabah financing are recognized when received or within the period of entitlement based on profit sharing portion agreed.

2. Recognition of InsuranceUnderwriting Income and Expenses

Underwriting Income

Premiums received from short-term insurance contracts are recognized as income within the contract period based on the insurance coverage provided. Premiums received from long-term insurance contracts are recognized as income when these are due. Premiums received prior to the issuance of insurance policies is recorded as Policyholders' deposit (AJSM) and deferred premium income (ASM).

Gross reinsurance premiums are recognized as an expense when payable or on the effective date of the policy.

Claims Expense

Claims consist of settled claims, claims in process, claims incurred but not reported and claims settlement expense. Claims are recognized as expense at the time liabilities for claims are recognized. A portion of the claims received from reinsurance are recognized and recorded as deduction from claims expenses in the same period when the claims expenses are recognized. Subrogation rights are recognized as deduction from claims expenses at the time of realization.

Claims in process (estimated claims) are computed based on estimated loss which at consolidated statements of financial position date are still in process, including claims incurred but not reported.

Commission Expense

Commission due to insurance brokers, agents and other insurance companies in connection with the insurance coverage are recorded as commission expense, whereas commissions obtained from reinsurance transactions are recorded as commission income and recognized in the consolidated statements of comprehensive income when earned.

3. Recognition of Securities Administration, Underwriting and Stock Brokerage Fees and Investment Management Income

Securities administration fees, stock brokerage fees and underwriting fees are recognized as income when the services for trading of securities in the stock exchange and underwriting activities are performed.

Investment management income is recognized based on agreed conditions as stated in the "Collective Investment Contract".

4. Recognition of Other Revenue and Expenses

Fees and Commissions Related to Financial Instruments

Commission income and expense fees associated with the acquisition of financial instruments categorized as held to maturity, loans and receivables, and available for sale, or related to a period of time and that the amount is significant, is recorded as part of the fair value of financial assets or financial liability and amortized over the term of the financial instrument period using the effective interest rate method. Meanwhile, fees

and commissions that are not significant in amounts are recognized as revenue when the revenue is received or expense at the time of payment.
Other Fees and Commission

Fees and commissions that are significant in amount and are not related to the issuance or acquisition of financial instruments and have maturity terms are treated as deferred income or expenses and amortized using the straight-line method over the term of the relevant transaction.

Other fees and commission revenues not related to credit, such as banca assurance services, and revenues associated with import and export bank guarantee, are recognized as revenue associated with the services provided.

Other Income and Expense

Income from assets for lease (operating lease) is recognized using the straight-line method over the lease period (Note 2l).

Administration income incurred in relation with lease, consumer finance, and factoring transaction are recognized when earned.

Other income (expense) are recognized when earned (incurred) and in accordance with their beneficial period (accrual basis).

ad. Employee Benefits

Short-term employee benefits liability

Short-term employee benefits are in form of wages, salaries, and social security (*Jamsostek*) contribution and bonuses. Short-term employee benefits are recognized at its undiscounted amount as a liability after deducting any amount already paid in the consolidated statement of financial position and as an expense in the consolidated statement of comprehensive income.

Long-term employee benefits liability

Long-term employment benefits liability repesents post-employment benefits, unfunded defined-benefit plans which amounts are determined based on years of service and salaries of the employees at the time of pension. The actuarial valuation method used to determine the present value of defined-benefit liability, related current service costs, and past service costs is the Projected Unit Credit. Current service costs, interest costs, vested past service costs, and effects of curtailments and settlements (if any) are charged directly to current operations. Past service costs which are not yet vested and actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of the corridor or greater of 10% of the fair value of plan assets or 10% of the present value of the defined benefit obligation are charged or credited to profit or loss over the employees expected average remaining working lives, until the benefits become vested.

ae. Income tax

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and carryforward tax benefit of unused fiscal losses, to the extent that it is probable that taxable income will be available in future periods against which the deductible temporary differences and carryforward tax benefit of fiscal losses, can be utilized.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted atthe consolidated statement of financial position date. Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited directly to equity.

Deferred tax assets and liabilities are offset in the consolidated statement of financial position, except if these are for different legal entities, in the same manner the current tax assets and liabilities are presented.

Amendments to tax obligations are recorded when an assessment is received or, if appealed against by the Group, when the result of the appeal is determined.

af. Earnings per Share

Earnings per share are computed by dividing net income attributable to owners of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share are computed by dividing net income attributable to owners of the Company by the weighted average number of shares outstanding during the year as adjusted for the effects of all potentially dilutive ordinary shares.

ag. Segment Information

Segment information is prepared using the accounting policies adopted for preparing and presenting the consolidated financial statements.

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess the Group's performance.

An operating segment is a component of an entity:

1. That engages in business activities which it may earn revenue and incur expenses (including revenue and expenses relating to the transaction with other components of the same entity);

2. Whose operating results are reviewed regularly by the entity's chief operating decision maker to make decision about resources to be allocated to the segments and assess its performance; and

3. For which discrete financial information is available.

Information reported to the chief operating decision maker for the purpose of resources allocation and assessment of its performance is more specifically focused on the category of each product, which is similar to the business segment information reported in the prior period.

ah. Provisions

Provisions are recognized when the Group has present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

ai. Events after the Reporting Date

Post year-end events that provide additional information about the consolidated statement offinancial position at the reporting date (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Management Use of Estimates, Judgments and Assumptions

In the application of the Group's accounting policies, which are described in Note 2 to the consolidated financial statements, management is required to make estimates, judgments, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant.

Management believes that the following represent a summary of the significant estimates, judgments, and assumptions made that affected certain reported amounts and disclosures in the consolidated financial statements:

Judgments

The following judgments are made by management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

a. Functional Currency

In the process of applying the Group's accounting policies, management has made judgment on the determination of functional currency of the foreign subsidiaries.

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each of them operates. It is the currency, among others, that mainly influences sales prices for goods and services, and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services, and the currency in which funds from financing activities are generated.

b. Classification of Financial Assets and Financial Liabilities

The Group determines the classifications of certain assets and liabilities as financial assets and liabilities by judging if they meet the definition set forth in PSAK No. 55. Accordingly, the financial assets and liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 2.

c. Financial Assets Not Quoted in Active Market

The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active mparket is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

d. Allowance for Impairment of Financial Instruments

Allowance for impairment losses is maintained at a level considered adequate to provide for potentially uncollectible receivables. The Group assesses specifically at each consolidated statement of financial position date whether there is an objective evidence that a financial asset is impaired (uncollectible).

The level of allowance is based on past collection experience and other factors that may affect collectability such as the probability of insolvency or significant financial difficulties of the debtors or significant delay in payments.

If there is an objective evidence of impairment, timing and collectible amounts are estimated based on historical loss data. Allowance for impairment is provided on accounts specifically identified as impaired. Written off loans and receivables are based on management's decisions that the financial assets are uncollectible or cannot be realized in whatsoever actions have been taken. Evaluation of receivables to determine the total allowance to be provided is performed periodically during the year. Therefore, the timing and amount of allowance for impairment recorded at each period might differ based on the judgments and estimates that have been used.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

The carrying value of the Group's loans and receivables as of December 31, 2013 and 2012 are as follows:

	2013	2012
Loans and Receivables		
Cash and cash in banks	2,599,638	2,422,717
Securities purchased under agreements to resell	139,211	-
Short-term investments - placements with other banks	593,813	387,852
Short-term investments - time deposits	1,950,998	5,390,537
Short-term investments - securities - export bill receivables	207,001	426,912
Net investments in finance lease - net	120,458	166,937
Consumer finance receivables - net	895,987	719,106
Factoring receivables - net	1,144,066	1,243,363
Securities agent receivables	378,544	369,096
Other receivables - net	623,751	892,725
Loans - net	9,924,090	9,543,807
Acceptance receivables	238,324	-
Other assets	25,940	21,596
Total	18,841,821	21,584,648

e. Impairment of AFS Equity Investments

The Group follows the guidance of PSAK No. 55 (Revised 2011) to determine when an AFS equity investment is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the decline in fair value below cost were considered significant or prolonged, the Group would suffer an additional loss in consolidated financial statements, being the transfer of the accumulated fair value adjustments recognized in equity on the impaired AFS financial assets to the profit or loss.

f. Lease Commitmens

Group as Lessee

The Group has entered into various lease agreements for commercial spaces. The Group has determined that it is an operating lease since the Group does not bear substantially all the significant risks and rewards of ownership of the related assets.

Group as Lessor

The Group has entered into various commercial lease agreements. The Group has determined that it is an operating lease since the Group bears substantially all the significant risks and rewards of ownership of the related assets.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes on circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur:

a. **Fair Value of Financial Assets and Financial Liabilities**

Indonesian Financial Accounting Standards require measurement of certain financial assets and liabilities at fair values, and the disclosure requires the use of estimates. Significant component of fair value measurement is determined based on verifiable objective evidence (i.e. foreign exchange rate, interest rate), while timing and amount of changes in fair value might differ due to different valuation method used.

The fair value of financial assets and liabilities are set out in Note 53.

b. **Estimated Useful Lives of Investment Properties and Property, Plant and Equipment**

The useful life of each of the item of the Group's investment properties and property, plant and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar business, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of investment properties and property, plant and equipment would increase the recorded depreciation and decrease the carrying values of these assets.

There is no change in the estimated useful lives of investment properties and property, plant and equipment during the year. The carrying value of these assets are further explained in Notes 18 and 19.

c. **Assessmentof Insurance Contract Liability (Life Insurance and Loss Insurance)**

Liability for Future Policy Benefits

Liability for future policy benefits represents the present value of estimated future policy benefits to be paid to policyholders or their heirs less present value of estimated future premiums to be received from the policyholders, recognized in correlation with the recognition of premium income. Liabiility for future policy benefits is stated in the consolidated statement of financial position in accordance with the actuarial calculation. Increase or decrease in liability for future policy benefits is recognized in the current year consolidated statement of comprehensive income.

The liability for life insurance contracts is calculated either based on current assumptions or on assumptions established at inception of the contract, reflecting the best estimate at the time increased with a margin for risk and adverse devition. Valuation of liabilities to policyholders reflects management's best current estimate of future cash flows.

The main assumptions used related to mortality, morbidity, expenses, lapse and surrender rates and discount rates. The Group bases mortality and morbidity on standard Indonesian industry mortality tables which reflect historical experiences, adjusted when appropriate to reflect the Group's unique risk exposure, product characteristics, target markets and own claims severity and frequency experiences.

Estimates are also made as to future investment income arising from the asset-backed life insurance contracts. These estimates are based on current market returns as well as expecttations about future economic and financial developments.

Assumptions on future expense are based on current expense levels, adjusted for expected expense inflation if appropriate.

Discount rate is based on current industry risk rates, adjusted for the Group's own risk exposure.

Estimated Claim Liabilities

Estimated claims liability represents amounts set aside to provide for the outstanding and incurred claims arising from insurance policies in force during the accounting period. Management's judgment is required to determine the amount of estimated claims liability based on guidelines from Minister of Finance of Republic of Indonesia.

The carrying value of liability for future policy benefit and estimated claim liability are disclosed in Notes 25 and 26.

d. **Long-term Employee Benefits**

The determination of the obligation and long-term employee benefits is dependent on the selection of certain assumptions used by actuary in calculating such amounts. Those assumptions are described in Note 47 and include, among others, discount rate and rate of salary increase. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the amount of long-term employee benefits liability.

The carrying value of long-term employee benefits is disclosed in Note 47.

e. **Deferred Tax Assets**

Deferred tax assets are recognized for all temporary differences between the financial statements' carrying amounts of existing assets and liabilities and their respective taxes bases to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying value of deferred tax assets is disclosed in Note 49.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

f. **Impairment of Non-Financial Assets**

Impairment review is performed when certain impairment indicators are present. Determining the fair value of assets requires the estimation of cash flows expected to be generated from the continued use and ultimate disposition of such assets. Any significant changes in the assumptions used in determining the fair value may materially affect the assessment of recoverable values and any resulting impairment loss could have a material impact on results of operations.

The carrying value of these assets in form of investment in shares at acquisition cost, investment properties, property and equipment andforeclosed properties are as disclosed in Notes 17, 18, 19 and 20.

4. Cash and Cash in Banks

These consist of:

	2013	2012
Cash on hand		
Rupiah	347,327	267,353
Foreign currencies (Note 52)	30,897	17,817
Total - cash on hand	378,224	285,170
Cash in banks		
Third parties		
Rupiah		
PT Bank Permata Tbk	119,355	123
PT Bank Internasional Indonesia Tbk	62,348	30,312
PT Bank Central Asia Tbk	37,603	48,860
PT Bank CIMB Niaga Tbk	9,850	12,889
PT Bank Negara Indonesia (Persero) Tbk	9,198	7,050
PT Bank Mega Tbk	8,647	88
PT Bank Mandiri (Persero) Tbk	6,350	2,442
Others (below Rp 5,000 each)	18,256	12,926
Total	271,607	114,690
Foreign currencies (Note 52)		
PT Bank Mandiri (Persero) Tbk	38,687	7,976
United Overseas Bank, Singapura	26,302	17,547
PT Bank Central Asia Tbk	22,002	47,155
Deutsche Bank Trust Company Americas, United States	21,556	5,633
Deutsche Bank AG, Germany	17,787	11,175
Bank of China, Australia	16,801	9,163
Bank of America, Merill Lynch	13,172	-
Bank of China, Jakarta	12,274	259,446
Bank International Ningbo, China	10,789	6,990
Wells Fargo Bank, N.A, England	8,863	1,515
Bank of China, China	8,235	8,515
OCBC, Singapura	6,811	490
Sumitomo Mitsui Banking Corporation, Japan	1,477	20,715
Others (below Rp 5,000 each)	19,042	17,143
Total	223,798	413,463
Total - Cash in banks	495,405	528,153

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Demand deposits with Bank Indonesia		
Rupiah	1,043,323	1,107,794
Foreign currency (Note 52)	418,155	333,799
Total - demand deposits with Bank Indonesia	1,461,478	1,441,593
Funds placed in securities companies		
Related party		
Foreign currency (Note 52)	10,887	390
Segregated funds net assets - Unit link		
Rupiah	36,687	45,639
Foreign currency (Note 52)	216,957	121,772
Total	253,644	167,411
Total	2,599,638	2,422,717

According to the regulation of Bank Indonesia, each bank in Indonesia is required to maintain a minimum liquidity reserve of a certain percentage of third party funds both in Rupiah and foreign currency. As of December 31, 2013 and 2012, the balance of primary minimum liquidity reserves of BS, a subsidiary, in Rupiah, amounted to Rp 793,580 and Rp 1,105,935, respectively, while the minimum liquidity reserves in foreign currency amounted to Rp 417,270 and Rp 333,708, respectively. As of December 31, 2013 and 2012, secondary minimum liquidity reserves of BS, in Rupiah, amounted to Rp 387,219 and Rp 284,274,respectively. The minimum liquidity reserves as of December 31,2013 and 2012 were determined in accordance with Bank Indonesia Regulation.

The interest rates per annum ontime deposits are as follows:

	2013	2012
Time deposits		
Rupiah	5.50% - 15.00%	3.00% -11.00%
Foreign currency	0.40% - 3.00%	0.15% - 2.50%

As of December 31, 2013 and 2012, no allowance for impairment losses was provided on cash and cash in banks as management believes that cash and cash in banks are collectible.

5. Short-term Investments

	2013	2012
Time deposits	1,950,998	5,390,537
Placements with Bank Indonesia and other banks	1,736,252	553,334
Segregated funds net assets - Unit link	2,418,851	4,972,339
Securities - net	18,435,875	17,033,292
Total Net	24,541,976	27,949,502

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

a. Time deposits

	2013	2012
Third parties		
Rupiah		
Banks		
PT Bank Internasional Indonesia Tbk	367,176	1,007,498
PT Bank Victoria International Tbk	260,100	100
PT Bank Bukopin Tbk	360,200	762,250
PT Bank Tabungan Pensiun Nasional Tbk	220,000	10,000
PT BPR Modern Express	100,000	-
PT Bank Mutiara Tbk	75,200	1,035,200
PT Bank Rakyat Indonesia (Persero) Tbk	55,640	55,040
PT Bank Mega Tbk	50,000	75,000
PT Bank OCBC NISP Tbk	54,450	88,300
PT Bank Permata Tbk	50,950	209,250
PT Bank CIMB Niaga Tbk	40,800	185,200
PT BRI Syariah	38,850	6,900
PT Bank Dinar	25,610	-
PT Bank Central Asia Tbk	24,171	14,170
PT Bank Syariah Mandiri	20,310	14,510
PT Bank Syariah Bukopin	15,050	-
PT BNI Syariah	14,000	7,450
PT Bank Mandiri (Persero) Tbk	11,000	17,548
PT Bank Muamalat Indonesia Tbk	9,500	7,900
PT Bank Negara Indonesia (Persero) Tbk	7,900	6,750
PT Bank ICB Bumiputera Indonesia Tbk	7,100	6,000
PT BCA Syariah	7,100	5,100
PT Bank Windu Kentjana International Tbk	6,300	6,300
PT Bank Syariah Mega Indonesia	6,250	2,850
PT Bank Tabungan Negara (Persero) Tbk	5,750	4,250
PT Bank DKI Syariah	5,400	3,500
PT Bank Capital Indonesia Tbk	5,000	-
PT Bank Victoria Syariah	3,300	5,000
PT BPD Jawa Barat dan Banten Tbk	500	497,600
PT Bank Danamon Indonesia Tbk	-	1,025,000
PT BPR Palu Lokadana Utama	-	100,000
PT Bank Sumitomo Mitsui Indonesia	-	100,000
PT BPR Ambon	-	40,000
PT Bank ICBC Indonesia	-	11,000
Others (below Rp 5,000 each)	16,325	12,036
Total	1,863,932	5,321,702
Foreign currencies (Note 52)		
PT Bank Internasional Indonesia Tbk	49,065	47,546
PT Bank Central Asia Tbk	23,281	9,374
PT Bank Mandiri (Persero) Tbk	7,916	5,977
Others (below Rp 5,000 each)	2,377	1,723
Total	82,639	64,620
PT Kliring Berjangka Indonesia	3,406	3,244
PT Kliring Penjaminan Efek Indonesia	1,021	971
Total	4,427	4,215
Total	1,950,998	5,390,537

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

The interest rates per annum on time deposits in Rupiah are 8.0% to 10.5% in 2013 and 6.22% to 8.75% in 2012.

Short-term Investments in the form of time deposits included time deposits with maturities of more than three (3) months and guarantee deposits, in compliance with the regulation of the Minister of Finance of the Republic of Indonesia under the name of the Minister of Finance on behalf of the subsidiary and time deposits of SMS and SF, subsidiaries, placed with PT Kliring Penjaminan Efek Indonesia and PT Kliring Berjangka Indonesia, respectively.

b. Placements with Bank Indonesia and other banks

	2013	2012
Bank Indonesia	1,142,439	165,482
Other banks	593,813	387,852
Total	1,736,252	553,334

As of December 31, 2013 and 2012, placements with Bank Indonesia are classified as available for sale financial assets, whereas placements with other banks are classified as financial assets in loans and receivables category.

Placements with other banks as of December 31, 2013 and 2012, represent placements by BS, a subsidiary, with details as follows:

	2013	2012
Rupiah		
Time deposits	40,000	-
Call money	-	90,000
Total	40,000	90,000
Foreign currencies (Note 52)		
Call money	432,113	249,665
Time deposits	121,700	48,187
Total	553,813	297,852
Total	593,813	387,852

The interest rates per annum on placements with Bank Indonesia and other banks are as follows:

	2013	2012
Rupiah	5.75% - 8.50%	4.00% - 5.25%
Foreign currency	0.12% - 2.50%	0.90% - 1.50%

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

As of December 31, 2013 and 2012, the details of Rupiah call money and time deposits are as follows:

Nama of Bank	2013	2012
PT Bank Ekspor Indonesia	20,000	-
PT Bank Pundi	20,000	-
PT Bank Muamalat Indonesia	-	90,000
Total	40,000	90,000

As of December 31, 2013 and 2012, details of call money and time deposits in foreign currencies are as follows:

Name of Bank	2013	2012
Well Fargo Bank, National Association, New York, USA	298,165	-
PT Bank Muamalat Indonesia	121,700	-
Standard Chartered Bank, New York, USA	85,268	249,665
PT Bank Capital Indonesia Tbk	48,680	48,187
	553,813	297,852

As of December 31, 2013 and 2012, no allowance for impairment losses was provided on placement with other banks as management believes that all placements with Bank Indonesia and other banks are collectible.

c. Segregated Funds Net Assets - Unit Link

	2013	2012
Investments		
Bonds		
Related parties		
Rupiah		
Government Bonds FR27	5,136	4,618
Fortis	-	16,156
Total	5,136	20,774
Shares		
Third parties		
Rupiah		
PT United Tractors Tbk	-	7,397
PT Bank Mandiri (Persero) Tbk	-	8,594
PT Astra Internasional Tbk	-	4,636
PT Bank Central Asia Tbk	-	3,167
PT Bank Pan Indonesia Tbk	-	2,445
PT Telekomunikasi Indonesia Tbk	-	2,367
PT Bank Rakyat Indonesia (Persero) Tbk	-	2,328
PT Perusahaan Gas Negara (Persero) Tbk	-	2,519
PT Tambang Batubara Bukit Asam Tbk	-	1,216
PT Holcim Indonesia Tbk	-	1,666
PT International Nickel Indonesia Tbk	-	633
Others (below Rp 1,000 each)	-	1,447
Total	-	38,415

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Investments		
Units of mutual funds		
Related parties (Note 51)		
Rupiah		
Danamas Stabil	46,274	46,307
Simas Saham Unggulan	1,402	-
Total	47,676	46,307
Foreign currency (Note 52)		
Danamas Dollar	178	156
Total	47,854	46,463
Third parties		
Rupiah		
RDPT Sucorinvest Pendapatan Tetap I	1,153,186	-
Si Dana Batavia Terbatas VI	430,646	602,367
Syailendra Balanced Opportunity Fund	145,908	137,765
Panin Dana Bersama Plus	124,593	99,024
Schroder Dana Mantap Plus II	79,458	5,566
BNP Paribas Prima II	72,284	-
Panin Dana Maxima	69,537	22,918
PNB Paribas Ekuitas	28,742	76,268
Syailendra Equity Opportunity Fund	25,063	27,676
Batavia Dana Obligasi Ultima	21,907	-
BNP Paribas Solaris	18,073	-
HPAM Maestro Flexi I	14,429	1,045,482
Schroder Dana Prestasi Plus	14,223	36,316
Schroder Dana Terpadu II	1,821	138,593
RD Gani Penyertaan Terbatas	-	1,574,261
Syailendra Multi Strategy Fund I	-	542,121
RD Kharisma Flexi Terbatas III	-	113,539
Schroder Syariah Balanced Fund	-	50,508
Corfina Bima Berimbang Penyertaan Terbatas	-	12,593
Total	2,199,870	4,484,997
Foreign currency (Note 52)		
Corfina Bima Berimbang Dollar Penyertaan Terbatas	124,824	328,840
PT HRAM Maestro Dollar I	41,167	52,850
Total	165,991	381,690
Total - Third parties	2,365,861	4,866,687
Total - units of mutual fund	2,413,715	4,913,150
Total	2,418,851	4,972,339

As of December 31, 2013 and 2012, segregated funds net assets – unit link are classified as financial assets at FVPL.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

d. Securities

	2013	2012
At fair value through profit and loss		
Related parties (Note 51)		
Rupiah		
Shares		
PT Golden Energy Mines Tbk	147,104	160,631
Others (below Rp 5,000 each)	8,673	6,587
Total	155,777	167,218
Warrant	14	2,061
Units of mutual fund		
Fixed income		
Danamas Stabil	327,639	325,664
Simas Danamas Mantap Plus	31,359	32,617
Money market		
Danamas Rupiah	100,029	-
Danamas Rupiah Plus	434	415
Mixed		
Danamas Fleksi	78,332	47,279
Simas Satu	70,253	2,044
Equity		
Simas Danamas Saham	177,360	1,353
Simas Saham Unggulan	28,348	-
Others		
Indonesia Growth Inc	-	16,582
Total - Rupiah	813,754	425,954
Total - Rupiah	969,545	595,233
Third parties		
Rupiah		
Shares		
PT Bank Danamon Indonesia Tbk	210,100	602,282
PT Multistrada Arah Sarana Tbk	70,430	88,425
PT Atlas Resources Tbk	42,744	100,392
PT Borneo Lumbung Energi & Metal Tbk	32,015	105,327
PT Indomobil Sukses International Tbk	29,400	271,408
PT Bakrie & Brothers Tbk	27,638	27,638
PT Energi Mega Persada Tbk	21,380	58,337
PT Bank Tabungan Negara (Persero) Tbk	10,860	88,963
PT Agung Podomoro Land Tbk	10,105	26,640
PT Bakrieland Development Tbk	8,897	9,609
PT Dayaindo Resources International Tbk	5,857	5,857
PT Berau Coal Energy Tbk	5,580	5,850
PT Astra International Tbk	5,469	80,859

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
At fair value through profit and loss		
Third parties		
Rupiah		
Shares		
PT Adaro Energy Tbk	4,501	14,137
PT Gajah Tunggal Tbk	2,861	15,905
PT Indo Tambang Raya Megah Tbk	1,268	12,229
PT Bumi Resources Tbk	894	37,158
PT Salim Ivomas Pratama Tbk	121	27,225
PT Tiphone Mobile Indonesia Tbk	-	120,682
PT Bank Pembangunan Daerah Jawa Timur Tbk	-	78,989
PT United Traktor Tbk	-	71,619
PT Bank Rakyat Indonesia (Persero) Tbk	-	59,075
PT Bank Negara Indonesia (Persero) Tbk	-	57,074
PT Jasa Marga (Persero) Tbk	-	38,027
PT Perusahaan Gas Negara (Persero) Tbk	-	34,500
PT Aneka Tambang (Persero) Tbk	-	20,972
PT Telekomunikasi Indonesia Tbk	-	18,100
PT Indocement Tunggal Prakarsa Tbk	-	11,225
PT Timah (Persero) Tbk	-	6,545
Others (below Rp 5,000 each)	15,372	28,884
Total - shares	505,492	2,123,933
Warrants		
PT Tiphone Mobile Indonesia Tbk	-	52,584
Others (below Rp 5,000 each)	-	1
Total - Warrants	-	52,585
Bonds		
Continous Bonds Indonesia Eximbank I		
Level III 2013 Series A	20,000	-
Units of mutual fund		
Fixed income		
Star High Yield Fund	130,294	132,346
Batavia Dana Obligasi Ultima	2,442	17,346
I-HAJJ Syariah Fund	-	10,887
Mixed		
Star Balanced	10,510	11,368
Batavia Dana Dinamis	143	139
Shares		
SAM Indonesian Equity Fund	1,771	-
Panin Dana Maksima	1,717	-
Pratama Saham	-	9,706
Si Danasaham	-	4,887
Dana Pratama Ekuitas	-	2,991
Danareksa Mawar	-	1,362

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
At fair value through profit and loss		
Third parties		
Rupiah		
Units of mutual fund		
Protected		
Batavia Proteksi Optimal 16	995,911	1,007,667
Sucorinvest Proteksi 5	115,584	-
Millenium Dana Proteksi	110,366	110,675
Batavia Proteksi Optimal 15	103,547	104,818
Sucorinvest Proteksi 7	103,180	-
Star Capital Protected Fund II	99,752	103,271
RD Terproteksi Kharisma Terproteksi	1,173	510,374
Private equity fund		
Kharisma Flexi Terbatas 3	1,676,616	2,110,556
Syailendra Multi Strategy Fund I	852,049	1,353,633
HPAM Maestro Flexi I	725,775	1,001,068
HPAM Maestro Flexi II	502,479	458,858
Si Dana Batavia VI	490,285	540,724
Si Dana Batavia Terbatas Optimal	388,017	312,985
Syailendra Multi Strategy Fund II	216,977	202,470
Corfina Bima Berimbang PT	45,043	867,334
Investa Flexi IV Penyertaan Terbatas	7,823	190,178
RDPT Sucorinvest PT1	-	306,420
Total - units of mutual fund	6,581,454	9,372,063
Total - Rupiah	7,106,946	11,548,581
Foreign currencies (Note 52)		
Bonds		
Perusahaan Listrik Negara Series 21	-	54,271
Units of mutual fund		
Others		
Adenium Lestari Dolar Fund	7,829	6,746
HPAM Maestro Flexi Dollar II	5,990	5,164
HPAM Maestro Dollar I	883	12,803
Total	14,702	24,713
Total - Foreign currencies	14,702	78,984
Total - Third parties	7,121,648	11,627,565
Total - at fair value through profit and loss	8,091,193	12,222,798

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Available for sale		
Related parties (Note 51)		
Rupiah		
Shares		
PT Bumi Serpong Damai Tbk	29,227	-
Bonds		
Continous Bonds Bumi Serpong		
Damai I 2012 Series C	237,666	85,252
Total - Related Parties	266,893	85,252
Third parties		
Rupiah		
Shares		
PT Semen Gresik (Persero) Tbk	81,759	-
PT Bank Mandiri (Persero) Tbk	66,289	-
PT Jasa Marga (Persero) Tbk	54,980	-
PT Indocement Tunggal Prakarsa Tbk	49,510	-
PT Tambang Batubara Bukit Asam Tbk	38,551	28,592
PT Bank Danamon Indonesia Tbk	35,894	198,990
PT Astra Internasional Tbk	31,348	-
PT Bank Rakyat Indonesia Tbk	20,481	-
PT Bumi Resources Tbk	19,722	45,772
PT Holcim Indonesia Tbk	15,447	-
PT Atlas Resources Tbk	14,110	25,066
PT Perusahaan Gas Negara Tbk	13,546	-
PT Bank Tabungan Negara (Persero) Tbk	11,934	41,570
PT Bank Negara Indonesia (Persero) Tbk	11,850	-
PT PP London Sumatra Indonesia Tbk	11,070	27,509
PT Krakatau Steel Tbk	11,012	15,756
PT Indo Tambang Raya Megah Tbk	10,545	15,872
PT Benakat Petroleum Energy Tbk	7,491	64,313
PT Indomobil Multi Jasa Tbk	7,375	-
PT Semen Baturaja Tbk	7,140	-
PT Adaro Energi Tbk	3,006	61,661
PT United Tractor Tbk	-	46,472
PT Bank Pembangunan Daerah Jawa Timur Tbk	-	12,164
PT Indomobil Sukses International Tbk	-	7,307
Others (below Rp 5,000 each)	1,250	4,417
Total - Shares	524,310	595,461
Units of mutual fund		
Fixed income		
BNP PARIBAS Maxi Obligasi	306,764	-
SAM Cendrawasih Fund	255,130	-

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Available for sale		
Third parties		
Rupiah		
Units of mutual fund		
Equity		
Panin Dana Maksima	69,683	-
Protected		
SUCORINVEST Proteksi 6	560,887	-
RHB OSK Smile Fixed Income Fund	273,318	-
RHB OSK Capital Protected Fund 26	105,690	-
Total - Units of mutual fund	1,571,472	-
Bonds		
Continous Subordinated Bonds I Bank BII Level II 2012	292,865	-
Obligasi Pemerintah FR0065	225,595	-
Obligasi I Agung Podomoro Land 2011 Series B	223,189	-
Obligasi Apexindo Pratama Duta II 2009 Series B	211,850	-
Continous Bonds I Lautan Luas Level I 2013	207,880	-
Obligasi TPS Food I 2013	201,856	-
MTN BFI Finance I 2012 Series B	200,000	200,000
MTN Clipan Finance I 2012	200,000	200,000
MTN Verena Multi Finance I 2011	200,000	200,000
Obligasi Medco Energi Internasional II 2009 Series B	184,582	-
Subordinated Bonds III Bank OCBC NISP 2010	164,592	-
Subordinated Bonds Bank Mayapada III 2013	172,249	-
Subordinated Bonds II Bank Permata 2011	155,984	-
Government Bonds FR0070	144,833	-
Continous Bonds I Medco Energi Internasional Level II 2013	142,562	-
Continous Subordinated Bonds Bank Permata I 2012	120,508	134,750
Bonds Sumberdaya Sewatama I 2012 Series B	111,686	-
MTN PP Tahap XVII 2012	110,000	-
Continous Bonds I Bank BTN Level II 2013	104,917	-
Continous Bonds I Duta Anggada Realty Level I 2013	103,046	-
Subordinated Bonds I Bank BII 2011	102,278	-
Subordinated Bonds I Bank Sumut 2011	100,686	-
Subordinated Bonds Bank Panin III 2010	100,345	-
MTN III PTPN II 2012	100,000	100,000
MTN Perdana Gapuraprima Tbk 2013	100,000	-
Subordinated Bonds II Bank DKI 2011	99,492	-
Government Bonds FR0058	93,900	-
Continous Subordinated Bonds Bank Permata II 2012	87,515	303,530
Government Bonds FR0028	84,800	96,800
Bonds Aneka Gas Industri II 2012	84,761	-
Subordinated Bonds II Bank CIMB Niaga 2010	79,864	-
Bonds Indomobil Finance Indonesia IV Level 2011 Series C	76,719	-

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Available for sale		
Third parties		
Rupiah		
Bonds		
Government Bonds FR0026	71,925	77,735
Bonds II Agung Podomoro Land 2012	71,417	-
MTN I Perum Perumnas 2012 Series A	70,000	-
Bonds Surya Semesta Internusa I 2012 Series B	64,326	-
Continous Bonds I Antam Level I 2011 Series B	63,784	142,504
Government Bonds FR0068	61,978	-
Government Bonds FR0047	59,854	-
Government Bonds FR0038	56,600	66,250
Government Bonds FR0064	54,600	-
Bonds Thames PAM Jaya I 2008 Series C	53,889	-
Subordinated Bonds I Bank Nagari 2010	49,460	-
Government Bonds FR0027	41,000	44,460
Bonds Bank Sulut IV 2010	40,803	-
Bonds BFI Finance Indonesia III 2011 Series C	40,421	-
Bonds I PNM 2012	37,459	-
Government Bonds FR0031	34,035	41,325
Government Bonds FR0043	32,940	40,875
Government Bonds FR0042	32,850	42,300
Continous Bonds Indonesia Eximbank I Level III 2013 Series A	30,000	-
Continous Bonds I ROTI Level I 2013	27,820	-
Government Bonds FR0034	24,740	30,400
Government Bonds FR0036	22,850	27,300
Bonds Indosat VIII 2012 Series B	22,261	82,518
Government Bonds FR0045	20,990	28,300
Government Bonds FR0063	20,521	-
Continous Bonds I PP Level I 2013	20,000	-
Government Bonds ORI 010	19,960	-
Obligasi Berkelanjutan I ADMF Level I 2011 Series B	15,150	-
Government Bonds FR0040	11,565	14,650
Continous Bonds I Japfa Level 2 2012	10,200	10,355
Bonds SAN Finance II 2012 Series C	10,182	10,005
Subordinated Bonds Bank Sulut I 2010	10,079	-
Bonds Bank Victoria IV 2013	10,000	-
Subordinated Bonds BCA Finance I 2010	9,952	-
Continous Bonds I Astra Sedaya Finance Level III 2013 Series A	8,937	-
Government Bonds FR0059	8,485	11,050
Continous Bonds I FIF Level I 2012 Series B	8,002	-
Continous Bonds I Astra Sedaya Finance Level III 2013 Series B	8,000	-

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Available for sale		
Third parties		
Rupiah		
Bonds		
Government Bonds FR0062	7,065	38,928
Bonds Matahari Putra Prima III 2009 Series B	5,120	-
Sukuk Subordinated Mudharabah Bank Muamalat I 2012	-	297,336
Bonds II Modernland Reality 2012 Series B	-	200,020
Sukuk Subordinated Notes B Syariah Mandiri 2011	-	190,000
Continous Bonds I Mitra Adiperkasa I 2012 Series B	-	105,778
Government Bonds FR0020	-	32,730
Government Bonds FR0033	-	20,330
Government Bonds IFR006	-	16,686
Sukuk Ijarah Aneka GAS Industri I Tahun 2008	-	12,198
Government Bonds IFR001	-	10,440
Government Bonds PBS003	-	9,655
Sukuk Ijarah Indosat III 2008	-	8,618
MTN Syariah Ijarah Intraco Penta 2011	-	8,000
Continous Bonds I Adhi Level I 2012 Series B	-	7,762
Sukuk Ijarah Indosat II Year 2007	-	7,212
Sukuk Ijarah I Summarecon	-	6,266
Continous Bonds I Perum Pegadaian Level II 2012 Series C	-	5,065
Continous Bonds I Perum Pegadaian Level II 2012 Series D	-	5,053
Others (below Rp 5,000 each)	8,383	12,699
Total - Bonds	5,866,157	2,899,883
Foreign currencies (Note 52)		
Bonds		
Jababeka International BV Callable	206,913	170,125
CENTRAL China Real Estat	97,097	-
Republic of Indonesia 37 (ROI 2037)	73,097	77,523
Majapahit Holdings BV (PLN) 2017	66,780	57,174
LI & FUNG Ltd Callable	63,466	52,040
Republic of Indonesia 2014 (ROI 2014 - 2)	62,760	53,932
Republic of Indonesia 15 (ROI 15)	52,270	43,215
PERTAMINA 2042	51,651	-
Trade & Dev Bank Mongolia	41,595	33,590
PERTAMINA 2043	38,639	-
Barclays Bank PLC US06740L8C27	37,539	27,828
ALAM Synergi PTE LTD Callable 27/03/17	34,117	-
Majapahit Holdings BV (PLN) 2016	26,797	22,870

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Available for sale		
Third parties		
Foreign currencies (Note 52)		
Bonds		
Republic of Indonesia 2019	24,462	21,975
PERTAMINA 2022	22,491	-
OLAM International Ltd	21,540	17,791
Prudencial PLC	17,833	-
AXA SA	16,760	-
Republic of Indonesia 17 (ROI 17)	13,689	11,513
Merlion Capital Funding	12,615	12,692
Majapahit Holdings BV (PLN) 2037	12,600	13,224
SHIMAO PPTY Holding Limited	11,300	-
PERTAMINA 2023	10,483	-
PERTAMINA 2041	10,625	-
Helium Capital Funding	9,647	7,653
Loan Royal Chemie International Limited	7,362	-
Perusahaan Listrik Negara 2042	6,095	6,564
UBS AG Stamford CT	-	72,763
Republic of Indonesia 2014 (ROI 2014) - Sukuk	-	31,608
Gajah Tunggal GT 2005 Bonds BV	-	24,271
PSA International Pte Ltd	-	15,884
Societe General Callable	-	15,309
ABN AMRO Bank NV Callable	-	9,341
Others (below Rp 5,000 each)	9,750	4,228
Total - Bonds	1,059,973	803,113
Total - Available for sale	9,288,805	4,383,709
Cost		
Third Parties		
Rupiah		
Bonds		
Continous Sukuk Subordinated Mudarabah I Level I Bank Muamalat 2012	290,000	-
Subnotes BSM Level II 2011	190,000	-
Sukuk Ijarah TPS Food I Tahun 2013	100,000	-
Sukuk Ijarah Sumberdaya Sewatama I 2012	25,092	-
Government Bonds IFR 006	20,961	-
MTN Syariah Ijarah Intraco Penta 2011	10,093	-
Government Bonds PBS 003	9,892	-
Government Bonds SR004	9,676	-
Government Bonds IFR001	7,793	-
Sukuk Ijarah Matahari Putra Prima II 2009 Series B	5,290	-
Sukuk Ijarah Titan Petrokimia Nusantara I 2010	5,174	-
Others (below Rp 5,000 each)	8,580	-
Total - Cost	682,551	-

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Fair Value		
Third Parties		
Rupiah		
Shares		
PT Astra Internasional Tbk	3,468	-
PT Semen Gresik (Persero) Tbk	2,264	-
PT United Tractors Tbk	2,014	-
PT Tambang Batubara Bukit Asam Tbk	1,693	-
PT Indo Tambang Raya Megah	1,397	-
PT Adaro Energy Tbk	545	-
Total - Shares	11,381	-
Units of mutual fund		
I-HAJJ Syariah Fund	15,270	-
BNP Paribas Pesona Syariah	5,892	-
PANIN Dana Syariah Saham	5,582	-
PNM Ekuitas Syariah	4,752	-
Total - Units of mutual fund	31,496	-
Bonds		
Government Bonds PBS 005	25,201	-
Government Bonds PBS 004	14,964	-
Continous Sukuk Ijarah I PLN Level I 2013	11,000	-
Sukuk Ijarah TPS Food I 2013	10,140	-
Continous Sukuk Mudharabah I ADMF Level I 2013 Series C	9,846	-
Government Bonds SR005	9,550	-
Mitra Adiperkasa Ijarah I 2009 Series B	5,116	-
Others (below Rp 5,000 each)	487	-
Total - Bonds	86,304	-
Foreign currencies (Note 52)		
Bonds		
Republic of Indonesia 2014 (ROI 2014) - Sukuk	37,392	-
Total - Fair Value	166,573	-
Loan and receivables		
Third parties		
Foreign currencies (Note 52)		
Export bill receivables	207,001	426,912
Allowance for impairment losses	(248)	(127)
Total	18,435,875	17,033,292

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

In August 2012, AJSM, a subsidiary, sold significant portion of its held to maturity securities – bonds for short term profit taking purposes. Thus, the Group reclassfied all of its remaining held to maturity securities as available for sale.

The balance of unrealized losses on available for sale securities (including the securities which were reclassified from held to maturity category) as of December 31, 2013 and 2012, is presented as a part of "Other Equity Component – Share in Unrealized Gain on Changes in Fair Value of Available for Sale Securities of Subsidiaries" (Note 36).

As of December 31,2013, the balance of time deposits and bonds are included in the guarantee fund of AJSM, a subsidiary, in compliance with the regulation of Minister of Finance of Republic of Indonesia No. 424/KMK.06/2003 with the latest amendment through regulation of Minister of Finance No. 158/PNK.010/2008 dated October 28, 2008 and regulation of Government of Republic of Indonesia No. 39 year 2008 article 7.

The changes in allowance for impairment losses on securities are as follows:

	2013	2012
Balance at the beginning of the year	127	8,538
Provisions (recovery) during the year	121	(8,411)
Balance at the end of the year	248	127

Management believes that the allowance for impairment losses on securities as of December 31, 2013 and 2012 is adequate to cover possible losses which might arise from these securities.

Bonds

The corporate bonds' rating from PT Pemeringkat Efek Indonesia (PT Pefindo), FitchRating, and Standard & Poor's as reported by Indonesia Stock Exchange and the maturity date of the bonds with nominal value of over Rp 10,000 each, as of December 31, 2013 and 2012, are as follows:

	2013	
	Rating	Maturity date
Continous Bonds I Astra Sedaya Finance Level III 2013 Series A	AA+	March 4, 2014
MTN III PTPN II 2012	BBB	April 5, 2014
Bonds Matahari Putra Prima III 2009 Series B	A+	April 14, 2014
Continous Bonds I FIF Level I 2012 Series B	AA+	April 20, 2014
Continous Bonds I ADMF Level I 2011 Series B	AA+	May 4, 2014
Continous Bonds Indonesia Eximbank I Level III 2013 Series A	AAA	June 2, 2014
Bonds Medco Energi Internasional II 2009 Series B	AA-	June 17, 2014
Bonds Apexindo Pratama Duta II 2009 Series B	A	June 19, 2014
Bonds BFI Finance Indonesia III 2011 Series C	A+	July 8, 2014
MTN Syariah Ijarah Intraco Penta 2011	A (sy)	July 25, 2014
MTN PP Level XVII 2012	A-	August 7, 2014
MTN Verena Multi Finance I 2011	A	December 15, 2014
Mitra Adiperkasa Ijarah I 2009 Series B	AA-(sy)	December 16, 2014
Bonds SAN Finance II 2012 Series C	AA-	January 20, 2015
MTN BFI Finance I 2012 Series B	A	January 25, 2015
Bonds Thames PAM Jaya I 2008 Series C	A	March 13, 2015

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	
	Rating	Maturity date
Subordinated Bonds BCA Finance I 2010	AA-	March 23, 2015
MTN Clipan Finance I 2012	A+	March 30, 2015
Bonds Bank Sulut IV 2010	A-	April 9, 2015
Subordinated Bonds Bank Sulut I 2010	BBB+	April 9, 2015
MTN I Perum Perumnas 2012 Series A	A-	May 31, 2015
Sukuk Ijarah Titan Petrokimia Nusantara I 2010	A+	June 2, 2015
Bonds Indomobil Finance Indonesia IV 2011 Series C	A	June 9, 2015
Trade & Dev Bank Mongolia	B1	September 20, 2015
Continous Bonds I Astra Sedaya Finance Level III 2013 Series B	AA+	February 22, 2016
Continous Sukuk Mudharabah I ADMF Level I 2013 Series C	AA+	March 1, 2016
Continous Sukuk Ijarah I PLN Level I 2013	AA (sy)	June 21, 2016
MTN Perdana Gapuraprima Tbk 2013	BBB+	July 26, 2016
Bonds I Agung Podomoro Land 2011 Series B	A	August 25, 2016
Majapahit Holdings BV (PLN) 2016	AA-	October 17, 2016
Continous Bonds I Japfa Level II 2012	A+	February 1, 2017
Majapahit Holdings BV (PLN) 2017	AA-	June 28, 2017
Subordinated Bonds III Bank OCBC NISP 2010	AA	June 30, 2017
Jababeka International BV Callable	B+	July 26, 2017
Bonds II Agung Podomoro Land 2012	A	August 15, 2017
Bonds I PNM 2012	A	October 12, 2017
Bonds Surya Semesta Internusa I 2012 Series B	A	November 6, 2017
Subordinated Bonds Bank Panin III 2010	AA-	November 9, 2017
Bonds Sumberdaya Sewatama I 2012 Series B	A	November 30, 2017
Sukuk Ijarah Sumberdaya Sewatama I 2012	A (sy)	November 30, 2017
Bonds Aneka Gas Industri II 2012	A-	December 18, 2017
Subordinated Bonds I Bank Nagari 2010	A-	January 13, 2018
Continous Bonds I Medco Energi Internasional Level II 2013	AA-	March 15, 2018
Continous Bonds I PP Tahap I 2013	A-	March 19, 2018
Bonds TPS Food I 2013	A-	April 5, 2018
Subordinated Bonds I Bank BII 2011	AA+	May 19, 2018
Continous Bonds I ROTI Level I 2013	AA-	June 11, 2018
Subordinated Bonds II Bank DKI 2011	A	June 17, 2018
Continous Bonds I Lautan Luas Level I 2013	A-	June 19, 2018
Bonds Bank Victoria IV 2013	A-	June 27, 2018
Subordinated Bonds II Bank Permata 2011	AA	June 28, 2018
Subordinated Bonds I Bank Sumut 2011	A	July 5, 2018
Continous Bonds I Duta Anggada Realty Level I 2013	A-	October 8, 2018
Continous Subordinated Bonds Bank Permata I 2012	AA-	June 15, 2019
Continous Bonds Bumi Serpong Damai I 2012 Series C	AA-	June 11, 2018
Continous Subordinated Bonds I Bank BII Level II 2012	AA+	October 31, 2019
Continous Subordinated Bonds Bank Permata II 2012	AA-	December 19, 2019
SHIMAO PPTY Holding Limited	BB	January 14, 2020
CENTRAL China Real Estat	B+	January 28, 2020
ALAM Synergi PTE LTD Callable 27/03/17	A	March 27, 2020
Continous Sukuk Ijarah I PLN Level I 2013	AA (sy)	July 5, 2020
Subordinated Bonds Bank Mayapada III 2013	BBB+	July 5, 2020
Subordinated Bonds II Bank CIMB Niaga 2010	AA	December 23, 2020
Continous Bonds I Antam Level I 2011 Series B	AA-	December 14, 2021
Subnotes BSM Level II 2011	AA (sy)	December 19, 2021
PERTAMINA 2022	BBB-	May 3, 2022
Bonds Indosat VIII 2012 Series B	AA+	June 27, 2022
Continous Sukuk Subordinated Mudarabah I Level I Bank Muamalat 2012	A (sy)	June 29, 2022
Merlion Capital Funding	AAA	September 9, 2022
Barclays Bank PLC US06740L8C27	BBB	November 21, 2022
Continous Bonds I Bank BTN Level II 2013	AA	March 27, 2023
PERTAMINA 2023	BBB-	May 20, 2023
Majapahit Holdings BV (PLN) 2037	AA-	June 29, 2037
PERTAMINA 2041	BBB-	May 27, 2041
PERTAMINA 2042	BBB-	May 3, 2042
Prudencial PLC	BBB+	December 31, 2042
PERTAMINA 2043	BBB-	May 20, 2043
AXA SA	BBB	July 22, 2049

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2012	
	Rating	Maturity date
Sukuk Ijarah Indosat III Year 2008	AA+ (sy)	April 9, 2013
Sukuk Ijarah I Summarecon 2008	A (sy)	June 25, 2013
Sukuk Ijarah Aneka GAS Industri I 2008	A-	July 8, 2013
MTN III PTPN II 2012	BBB	April 5, 2014
Sukuk Ijarah Indosat II Year 2007	AA+ (sy)	May 29, 2014
Gajah Tunggal GT 2005 Bonds BV	B3	July 21, 2014
MTN Syariah Ijarah Intraco Penta 2011	A	July 25, 2014
MTN Verena Multi Finance I 2011	A	December 15, 2014
Bonds SAN Finance II Year 2012 Series C	AA-	January 20, 2015
MTN BFI Finance I 2012 Series B	A	January 25, 2015
MTN CLIPAN Finance I 2012	A+	March 30, 2015
Trade & Dev Bank Mongolia	B1	September 20, 2015
Majapahit Holdings BV (PLN) 2016	AA-	October 17, 2016
Continous Bonds I Japfa Tahap 2 2012	A	February 1, 2017
Continous Bonds I Perum Pegadaian Level II 2012 Series C	AA+ (sy)	February 14, 2017
Majapahit Holdings BV (PLN) 2017	AA-	June 28, 2017
Jababeka International BV Callable	B+	July 26, 2017
Continous Bonds I Mitra Adiperkasa I 2012 Series B	AA-	December 12, 2017
Bonds II Modernland Reality 2012 Series B	A-	December 27, 2017
Continous Bonds I Perum Pegadaian Level II 2012 Series D	AA+ (sy)	February 14, 2019
Continous Subordinated Bonds Bank Permata I 2012	AA-	June 15, 2019
Continous Bonds I Adhi Level I 2012 Series B	A	July 3, 2019
Continous Bonds Bumi Serpong Damai I 2012 Series C	A+	July 4, 2019
Continous Subordinated Bonds Bank Permata II 2012	AA-	December 19, 2019
PSA International Pte Ltd	AA+	February 11, 2021
Perusahaan Listrik Negara Series 21	Baa3	November 22, 2021
Continous Bonds I Antam I 2011 Series B	AA	December 14, 2021
Sukuk Subordinated Notes B Syariah Mandiri 2011	AA	December 19, 2021
Helium Capital Funding	AAA	May 22, 2022
Bonds Indosat VIII 2012 Series B	AA+	June 27, 2022
Sukuk Subordinated Mudharabah Bank Muamalat I 2012	A	June 29, 2022
UBS AG Stamford CT	BBB	August 17, 2022
Merlion Capital Funding	AAA	September 9, 2022
ABN AMRO Bank NV Callable	BBB	October 25, 2022
Barclays Bank PLC US06740L8C27	BBB	November 21, 2022
Majapahit Holdings BV (PLN) 2037	AA-	June 29, 2037
Perusahaan Listrik Negara 2042	BBB	October 24, 2042
Li & Fung Ltd Callable	BBB	November 25, 2049
Societe General Callable	BBB	December 11, 2049

As of December 31, 2013 and 2012, the average interest rates on bonds denominated in Rupiah range from 5.63% to17.00% and 7.50% to 14.27% per annum, respectively.

As of December 31, 2013 and 2012, the average interest rates on bonds denominated in foreign currency range from 4.30% to 11.75% and 4.70% to 11.63% per annum, respectively.

Units of Mutual Fund

Securities in units of mutual fund of a related party which are held for trading are arranged by SMS, a subsidiary, as the investment manager (Note 51).

The Group invested in various types of units of mutual fund such as fixed income mutual funds, money market mutual funds, mixed mutual funds, shares mutual funds, protected mutual fund and private equity mutual fund.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

6. Securities Purchased Under Agreements to Resell

Type	2013 Term	2013 Maturity date	2013 Carrying value
Rupiah			
Government Bonds			
Surat Perbendaharaan Negara Series SPN12140507	7 days	January 7, 2014	139,211

As of December 31, 2012, there is no outstanding balance of securities purchased under agreements to resell.

Securities purchased under agreements to resell as of December 31, 2013 were settled at its maturity date.

No allowance for impairment losses was provided on securities purchased under agreement to resell as management believes that all such securities purchased under agreement to resell are collectible.

7. Consumer Financing Receivables

a. This account consists of:

	2013	2012
Third parties - Rupiah		
Consumer finance - gross	3,895,558	3,697,416
Amount financed by other parties	(2,686,488)	(2,685,868)
Total consumer finance - Net	1,209,070	1,011,548
Unearned consumer income - gross	(553,071)	(535,361)
Amount financed by other parties	242,717	244,633
Total unearned consumer income - Net	(310,354)	(290,728)
Total	898,716	720,820
Allowance for impairment losses	(2,729)	(1,714)
Net	895,987	719,106
Interest rate per annum		
Rupiah	15.00% - 33.64%	15.08% - 36.35%

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

b. The details of consumer financing receivables based on object financed:

	2013	2012
Object Financed		
Car	1,045,931	847,174
Motorcycle	151,594	161,828
Land and building	6,298	2,286
Others	5,247	260
Total	1,209,070	1,011,548

c. SMF and ABSM, subsidiaries, grant consumer financing for vehicles with terms ranging from one (1) to four (4) years.

d. Management believes that there are no significant concentrations of credit risk in consumer financing receivables from third parties.

The consumer financing receivables are secured with the related certificates of ownership (BPKB) of the vehicles financed by SMF and ABSM.

e. As of December 31, 2013 and 2012, there are consumer financing receivables which are pledged as collateral in relation to loans received (Note 31).

f. The details of consolidated consumer financing receivables based on its remaining period until maturity are as follows:

	2013	2012
Past due and impaired	18,408	11,509
Not past due		
Less than or equal to 1 year	709,809	614,235
More than 1 year until 2 years	354,086	285,501
More than 2 years	126,767	100,303
Total	1,190,662	1,000,039
Total	1,209,070	1,011,548

g. The changes in allowance for impairment losses are as follows:

	2013	2012
Balance at the beginning of the year	1,714	2,786
Provisions during the year	30,084	31,597
Write-off during the year	(29,069)	(32,669)
Balance at the end of the year	2,729	1,714

Management believes that the allowance for impairment losses is adequate to cover the possible losses which might arise from uncollectible consumer financing receivables.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

8. Net Investments in Finance Lease

a. This account consists of:

	2013	2012
Rupiah		
Related parties (Note 51)	-	4,326
Third parties	164,197	225,794
Total	164,197	230,120
Guaranteed residual value	6,494	18,869
Unearned lease income	(41,572)	(59,364)
Security deposits	(6,494)	(18,869)
Total	122,625	170,756
Allowance for impairment losses	(2,167)	(3,819)
Net	120,458	166,937
Interest rate per annum	13.62% - 25.00%	11.76% - 25.00%

b. SMF and ABSM, subsidiaries, grant lease financing for heavy equipment, industrial machinery and transportation equipment.

c. The details of consolidated finance lease receivables based on its remaining period until maturity are as follows:

	2013	2012
Past due and impaired	18,955	14,352
Not past due		
Less than or equal to 1 year	46,231	83,505
More than 1 year but less than 2 years	40,141	39,851
More than 2 years	58,870	92,412
Total	145,242	215,768
Total	164,197	230,120

As of December 31, 2013 and 2012, there are finance lease receivables which are pledged as collateral in relation to loans received (Note 31).

d. The changes in allowance for impairment losses are as follows:

	2013	2012
Balance at the beginning of the year	3,819	6,553
Recovery during the year	(1,652)	(2,734)
Balance at the end of the year	2,167	3,819

Management believes that the allowance for impairment losses is adequate to cover the losses which might arise from uncollectible finance lease receivables.

e. During 2013 and 2012, ABSM, a subsidiary,engaged in transfer of finance lease receivables transactions on a without recourse basis to a third party, with SMS, a subsidiary, as the investment manager. The collection of receivables transferred is being done by ABSM.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

9. Factoring Receivables

a. This account consists of:

	2013	2012
Related parties (Note 51)		
Rupiah	69,825	69,816
Foreign currency (Note 52)	259	73
Total	70,084	69,889
Third parties		
Rupiah	1,067,677	1,132,480
Foreign currency (Note 52)	17,674	50,574
Total	1,085,351	1,183,054
Total	1,155,435	1,252,943
Deferred factoring income	(8,348)	(6,410)
Allowance for impairment losses	(3,021)	(3,170)
Net	1,144,066	1,243,363
Interest rate per annum		
Rupiah	6.00% - 24.00%	6.00% - 21.00%
Foreign currencies	9.00%	9.00%

b. As of December 31, 2013 and 2012, there are factoring receivables which are pledged as collateral in relation to loans received (Note 31).

c. The details of factoring receivables based on maturity are as follows:

	2013	2012
Past due	30,461	48,988
Not past due	1,124,974	1,203,955
Total	1,155,435	1,252,943

d. The changes in allowance for impairment losses are as follows:

	2013	2012
Balance at the beginning of the year	3,170	7,637
Provisions during the year	3,687	1,251
Write-off during the year	(3,836)	(5,718)
Balance at the end of the year	3,021	3,170

Management believes that the allowance for impairment losses is adequate to cover the losses which might arise from uncollectible factoring receivables.

e. During 2013 and 2012, SMF and ABSM, subsidiaries, engaged in transfer of factoring receivables transactions on a without recourse basis to a third party, with SMS, a subsidiary, as the investment manager. The collection of receivables transferred is being done by SMF and ABSM.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

10. Premiums and Reinsurance Receivables

a. This account consists of:

	2013	2012
Related parties (Note 51)		
Premiums receivable	97,160	101,574
Reinsurance receivables	20,649	12,113
Subtotal	117,809	113,687
Third parties		
Premiums receivable	388,732	221,047
Reinsurance receivables	71,760	55,075
Subtotal	460,492	276,122
Total	578,301	389,809
Allowance for impairment losses	(1,969)	(1,678)
Net	576,332	388,131

b. The details of premiums and reinsurance receivables classified based on currency are as follows:

	2013	2012
Rupiah		
Premiums receivable	288,803	246,590
Reinsurance receivables	51,634	42,897
Subtotal	340,437	289,487
Foreign currencies (Note 52)		
Premiums receivable	197,089	76,031
Reinsurance receivables	40,775	24,291
Subtotal	237,864	100,322
Total	578,301	389,809
Allowance for impairment losses	(1,969)	(1,678)
Net	576,332	388,131

c. The details of reinsurance receivables classified based on domicile of the reinsurer are as follows:

	2013	2012
Local	76,628	52,387
Foreign	15,781	14,801
Total	92,409	67,188

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

d. The details of premiums receivable based on its remaining period until maturity are as follows:

	2013	2012
Due within 1 - 60 days		
Related parties	77,369	98,122
Third parties	337,657	200,592
Due over 60 days		
Related parties	19,791	3,658
Third parties	51,075	20,249
Total	485,892	322,621

e. The changes in allowance for impairment losses are as follows:

	2013	2012
Balance at the beginning of the year	1,678	691
Provisions during the year	291	987
Balance at the end of the year	1,969	1,678

Management believes that the allowance for impairment losses as of December 31, 2013 and 2012 is adequate to cover the possible losses which might arise from uncollectible premiums and reinsurance receivables.

11. Loans

This account represents loans given by BS, a subsidiary.

a. By Type of Loans

	2013	2012
Related parties (Note 51)		
Rupiah		
Fixed loans	101,490	191,190
Overdraft	11,428	2,712
Installment loans	5,957	2,234
Consumer loans	2,490	185
Loans to employees	1,734	1,817
Sharia receivables - murabahah	104	150
Subtotal - Rupiah	123,203	198,288
Foreign currency (Note 52)		
Fixed Loans	821,475	1,228,781
Total - Related parties	944,678	1,427,069

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Third Parties		
Rupiah		
Consumer loans	3,075,899	3,060,709
Installment loans	2,363,118	1,924,306
Fixed loans	2,015,169	1,732,440
Factoring loans	739,818	713,430
Sharia receivables - murabahah	543,669	711,932
Sharia receivables - mudharabah	451,003	44,381
Overdraft	176,268	154,646
Loans to employees	36,762	24,041
Investment loans	33,000	104,727
Sharia receivables - Qardh	-	1
Total	9,434,706	8,470,613
Foreign currencies (Note 52)		
Installment loans	345,240	319,630
Fixed loans	237,062	165,558
Sharia receivables - murabahah	2,910	3,214
Factoring loans	1,475	-
Subtotal	586,687	488,402
Subtotal	10,021,393	8,959,015
Total	10,966,071	10,386,084
Allowance for impairment losses	(56,333)	(92,248)
Net	10,909,738	10,293,836

b. By Economic Sector

	2013	2012
Rupiah		
Household	2,775,058	2,792,192
Wholesale and retail	2,119,995	1,801,421
Real estate, leasing services and servicing companies	1,014,499	553,992
Financial intermediary	843,114	715,349
Manufacturing	428,361	486,797
Services in social, art, culture, recreation and other individual services	419,045	253,794
Mining and excavation	322,717	325,322
Transportation, warehousing and communication	316,166	281,263
Agriculture, hunting and forestry	264,077	50,293
Construction	253,483	163,892
Accommodation and food and beverage	51,816	141,996
Electricity, gas and water	19,813	37,328
Fishery	16,023	11,005
Health and social services	881	2,605
Education services	234	32,166
Individual services that serve household	120	-
Others	712,507	1,019,486
Subtotal	9,557,909	8,668,901

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Foreign currency (Note 52)		
Manufacturing	872,755	1,267,003
Mining and excavation	375,921	181,912
Wholesale and retail	73,254	77,485
Financial intermediary	42,371	55,079
Education services	28,052	30,903
Transportation, warehousing and communication	9,078	-
Agriculture, hunting and forestry	3,315	6,104
Construction	2,910	98,697
Others	506	-
Subtotal	1,408,162	1,717,183
Total	10,966,071	10,386,084
Allowance for impairment losses	(56,333)	(92,248)
Net	10,909,738	10,293,836

c. By Maturity

The classifications of loans based on its credit period, as stated in the loan agreements, and based on its remaining period until maturity are as follows:

Based on credit period:

	2013	2012
Rupiah		
1 year or less	2,828,461	2,980,282
More than 1 year until 2 years	1,839,279	1,422,406
More than 2 years until 5 years	2,493,712	3,872,914
More than 5 years	2,396,457	393,299
Subtotal	9,557,909	8,668,901
Foreign currrencies (Note 52)		
1 year or less	977,120	1,411,482
More than 1 year until 2 years	81,581	101,222
More than 2 years until 5 years	349,461	108,997
More than 5 years	-	95,482
Subtotal	1,408,162	1,717,183
Total	10,966,071	10,386,084
Allowance for impairment losses	(56,333)	(92,248)
Net	10,909,738	10,293,836

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

Based on remaining period until maturity:

	2013	2012
Rupiah		
1 year or less	3,812,123	3,631,094
More than 1 year until 2 years	1,851,242	1,944,221
More than 2 years until 5 years	3,426,823	2,834,685
More than 5 years	467,721	258,901
Subtotal	9,557,909	8,668,901
Foreign currency (Note 52)		
1 year or less	1,072,911	1,500,011
More than 1 year until 2 years	17,863	64,998
More than 2 years until 5 years	317,388	152,174
More than 5 years	-	-
Subtotal	1,408,162	1,717,183
Total	10,966,071	10,386,084
Allowance for impairment losses	(56,333)	(92,248)
Net	10,909,738	10,293,836

d. Average interest rates per annum on loans are as follows:

	2013	2012
Rupiah	6.00% - 24.31%	6.00% - 35.07%
Foreign currencies	2.50% - 12.00%	2.45% - 11.00%

e. The changes in allowance for impairment losses on loans are as follows:

	2013	2012
Balance at the beginning of the year	92,248	104,732
Reversal during the year	(26,130)	(23,988)
Write-off during the year	(10,233)	(2,444)
Recovery of loans written off	448	12,380
Exchange rate differences	-	1,568
Balance at the end of the year	56,333	92,248

Management believes that the allowance for impairment losses on loans is adequate to cover the possible losses which might arise from uncollectible loans.

f. As of December 31, 2013 and 2012, the outstanding balance of BS'channeling amounted to Rp 3,323,881 and Rp 3,676,254, respectively, of which Rp 2,424,810 and Rp 2,417,937, respectively, were transferred through SMF.

g. Loans granted to related parties, in form of employee loans, represent loans for purchases of cars, houses and other necessities with interest rates of 0% for loans with term below 1 year and 6% for loans with terms ranging between 1 to 10 years.

h. As of December 31, 2013 and 2012,the total gross non-performing loans amounted to Rp 276,562 and Rp 332,088, respectively. All of the non-performing loans are in the process of recovery by BS.

i. Management believes that the value of the collaterals on loans is adequate to cover the possible losses which might arise from uncollectible loans.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

12. Acceptance Receivables and Payables

a. Acceptance Receivables

	2013	2012
Third parties - foreign currency (Note 52)	238,324	-

No allowance for impairment losses was provided on acceptances receivables as management believes that all such acceptances receivable are collectible.

b. Acceptance Payables

Acceptance payables represent payables with other banks – third parties.

Based on maturity date, acceptance receivables and payables are 1 year or less.

13. Ijarah Assets

As of December 31, 2013 and 2012, this account represents the object of the Ijarah lease transactions with an option to transfer the Muntahiyah Bittamlik object property to lessee.

	January 1, 2013	Changes during the year 2013		December 31, 2013
		Additions	Transfer to the lessee at the end of contract	
Cost				
Vehicles	19,227	18,838	(7,665)	30,400
Freehold title	16,830	177	(112)	16,895
Heavy equipment	18,000	1,227	(15,000)	4,227
Machineries	6,552	-	(4,198)	2,354
Multiservice assets	14,565	-	-	14,565
Electronic	11	-	(11)	-
Bicycle	3	-	(3)	-
Houses	3	-	(3)	-
Document	-	64	(64)	-
Others	-	61,734	(4,160)	57,574
Total	75,191	82,040	(31,216)	126,015
Accumulated depreciation				
Vehicles	14,370	1,024	(9,665)	5,729
Freehold title	1,487	1,419	(112)	2,794
Heavy equipment	9,654	11,848	(15,000)	6,502
Machineries	1,917	3,941	(4,198)	1,660
Multiservice assets	-	-	-	-
Electronic	6	5	(11)	-
Software	1,242	-	-	1,242
Bicycle	1	2	(3)	-
Houses	1	2	(3)	-
Document	-	64	(64)	-
Others	-	7,692	(4,160)	3,532
Total	28,678	25,997	(33,216)	21,459
Net Book Value	46,513			104,556

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	January 1, 2012	Changes during the year 2012: Additions	Changes during the year 2012: Transfer to the lessee at the end of contract	December 31, 2012
Cost				
Vehicles	104,139	1,037	(85,949)	19,227
Heavy equipment	38,300	3,000	(23,300)	18,000
Machineries	4,360	2,996	(804)	6,552
Multiservice assets	3,415	12,210	(1,060)	14,565
Freehold title	-	16,830	-	16,830
Electronic	-	11	-	11
Bicycle	-	3	-	3
Houses	-	3	-	3
Software	861	-	(861)	-
Total	151,075	36,090	(111,974)	75,191
Accumulated depreciation				
Vehicles	60,148	40,171	(85,949)	14,370
Heavy equipment	6,831	26,123	(23,300)	9,654
Machineries	767	1,954	(804)	1,917
Software	258	603	(861)	-
Multiservice assets	359	1,943	(1,060)	1,242
Freehold title	-	1,487	-	1,487
Electronic	-	6	-	6
Bicycle	-	1	-	1
Houses	-	1	-	1
Total	68,363	72,289	(111,974)	28,678
Net Book Value	82,712			46,513

14. Securities Agent Receivables

	2013	2012
Receivables from customers	287,927	105,032
Receivables from PT KPEI	82,085	256,037
Commissions receivable	8,532	8,027
Total	378,544	369,096

Receivables from PT Kliring Penjaminan Efek Indonesia (KPEI) and receivables from customerspertain to receivables in relation to purchases and sales of shares and other securities (net) which have not yet been received as of consolidated statement of financial position date.

As of December 31, 2013 and 2012, the consolidated balance of securities agent receivables from related parties amounted to Rp 1,834 and Rp 7,045, respectively (Note 51).

Management did not provide allowance for impairment losses on securities agent receivables because management believes that all such receivables are collectible.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

15. Other Accounts Receivable

	2013	2012
Policy loans	343,744	646,461
Interest receivables	172,616	121,058
Mortgage receivables	26,086	21,997
Loans to employees and marketing agents	7,196	4,566
Claims receivable	6,851	5,014
Investment receivables	4,063	42,839
Loans to associated companies	-	8,000
Others	63,334	43,071
Total	623,890	893,006
Allowance for impairment losses	(139)	(281)
Net	623,751	892,725

Policy loans represent policy cash value provided in the form of loans to the policyholders.

The details of policy loans are as follows:

	2013	2012
Rupiah	322,390	614,959
Foreign currency (Note 52)	21,354	31,502
Total	343,744	646,461
Interest rate per annum are as follows:		
Rupiah	6.50% - 14.00%	11.00% - 14.00%
Foreign currency	1.85% - 6.00%	6.00% - 7.00%

Interest receivables consist of interest from time deposits, bonds and factoring receivables.

Mortgage receivables represent loans cash value provided by ASM and AJSM, subsidiaries, to their employees and third parties for purchaseof land or building. Mortgage loans granted to employees bear special interest rate while those granted to third parties bear prevailing market interest rate. Payments are made through monthly installment. These receivables are collateralized with land or building’s certificate of ownership.

Claims receivable represent receivables from policyholders in relation to payment of claims by subsidiaries in excess of the insurance limit of policyholders.

As of December 31, 2013 and 2012, the consolidated balance of other accounts receivable from related parties amounted to Rp14,642 and Rp 25,934, respectively (Note 51).

The changes in allowance for impairment losses on other receivables are as follows:

	2013	2012
Balance at the beginning of the year	281	347
Reversal during the year	(142)	(66)
Balance at the end of the year	139	281

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

Management believes that the allowance for impairment losses on other receivables as of December 31, 2013 and 2012 is adequate to cover the possible losses which might arise from uncollectible other receivables.

16. Reinsurance Assets

	2013	2012
Estimated claim liability	355,517	265,034
Unearned premium	484,495	796,531
Premium in advance	607,758	6,522
Total	1,447,770	1,068,087

17. Investment in Shares of Stock

As of December 31, 2013 and 2012, investment in shares with percentage of ownership of below 20% are categorized as available for sale (AFS) financial assets and in the absence of basis of fairvalue are stated at acquisition cost.

	2013	2012
The Company's investment in shares of stock		
Equity method	275,324	264,455
AFS - acquisition cost	-	177,578
Total	275,324	442,033
Subsidiaries' investments in shares of stock		
Equity method	187,495	177,272
AFS - acquisition cost	67,529	66,654
Total	255,024	243,926
Total	530,348	685,959

a. The Company's Investments in Shares of Stock

	Percentage of ownership %	2013 Beginning Investment January 1	Additional investment	Equity in net income (loss)	Divesment	Ending Investment December 31
Equity Method						
Associates						
PT Asuransi Jiwa Mega Life	50.00	236,272	-	20,658	-	256,930
PT Panji Ratu Jakarta	21.02	17,728	-	239	-	17,967
PT Super Wahana Tehno	35.19	10,455	-	166	(10,621)	-
PT JobStreet Indonesia	40.00	-	-	427	-	427
Total		264,455	-	21,490	(10,621)	275,324
AFS - Acquisition Cost						
PT Oto Multiartha	16.14	176,309	-	-	(176,309)	-
PT Summit Oto Finance	0.16	1,269	-	-	(1,269)	-
Total		177,578	-	-	(177,578)	-

On March 1, 2013, the Company has sold all its shares of stock in PT Oto Multiartha and PT Summit Oto Finance, for a selling price of Rp 1,223,212, accordingly, the Company realized a gain on sale of investments amounting to Rp 1,045,634.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

On June 17, 2013, the Company has sold all its shares of stock in PT Super Wahana Tehno, for a selling price of Rp 15,048, accordingly, the Company realized a gain on sale of investment amounting to Rp 4,427.

		2012				
	Percentage of ownership	Beginning Investment January 1	Additional investment	Equity in net income (loss)	Divestment	Ending Investment December 31
	%					
Equity Method						
Entitas Asosiasi						
PT Asuransi Jiwa Mega Life	50.00	202,185	-	34,087	-	236,272
PT Panji Ratu Jakarta	21.02	17,453	-	275	-	17,728
PT Super Wahana Tehno	35.19	9,862	-	593	-	10,455
PT JobStreet Indonesia	40.00	251	-	(251)	-	-
Total		229,751	-	34,704	-	264,455
AFS - Acquisition Cost						
PT Oto Multiartha	16.14	176,309	-	-	-	176,309
PT Summit Oto Finance	0.16	1,269	-	-	-	1,269
Total		177,578	-	-	-	177,578

Equity Method

PT Asuransi Jiwa Mega Life (AJML)

AJML, domiciled in Jakarta, engaged in life insurance.

PT Panji Ratu Jakarta (PRJ)

PRJ, domiciled in Jakarta, engaged in development, trading and service.

PT Super Wahana Tehno (SWT)

SWT, domiciled in Jakarta, engaged in trading and manufacturing packed drinking water.

Jobstreet Indonesia (JI)

JI, domiciled in Jakarta, engaged in employee recruitment servicesby internet and human recources management.

The condensed financial information of the associates are as follows :

	2013	2012
Total Assets	1,488,055	2,084,963
Total Liabilities	888,968	1,499,889
Total Equity	599,087	585,074
Net Income	43,727	63,509

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

b. **Subsidiaries' investments in shares of stock**

	2013	2012
Equity Method		
PT Bintang Rajawali Perkasa	100,281	92,995
PT Asuransi Sumit Oto	57,948	53,892
PT LIG Insurance Indonesia	29,266	30,385
Subtotal	187,495	177,272
Available for sale - acquisition cost		
Aries Capital Partner II	43,548	43,548
PT Bursa Komoditi dan Derivatif Indonesia	8,000	8,000
PT Kustodian Sentral Efek Indonesia	6,600	6,600
Nanjing Sinar Mas & Zi Jin Private Equity	3,214	-
Konsorsium Asuransi Risiko Khusus - PT Tugu Reasuransi Indonesia	3,000	3,000
PT Asuransi MAIPARK Indonesia	1,805	1,805
Fair Oil & Energy Insurance Syndicate	455	455
PT Pemeringkat Efek Indonesia	350	350
Nanjing Zidong International Creative Park Private Equity	161	-
PT Damai Indah Padang Golf	140	140
PT Bursa Efek Indonesia	135	135
PT Sedana Golf	101	101
PT Menara Proteksi Indonesia	20	20
PT Rizki Lancar Sentosa	-	2,500
Subtotal	67,529	66,654
Total	255,024	243,926

Equity Method

PT LIG Insurance Indonesia

PT LIG Insurance Indonesia (LIG)is a joint venture with LG Korea. ASM has 30% ownership interest in LIG.

PT Asuransi Summit Oto

PT Asuransi Summit Oto (ASO) is a joint venture with Djohan Marzuki and PT Summit Investment Indonesia. Ownership ASM on ASO was 48%.

Available for Sale – Acquisition Cost

In 2013, NSZ made investment in shares of Nanjing Sinar Mas & ZiJin Private Equity and Nanjing Zidong International Creative Park Private Equity amounting to CNY 2,000,000 (equivalent with Rp 3,214) and CNY 100,000 (equivalent with Rp 161), or representing 1.04% and 1%, respectively, and NSZ as investment manager.

In 2012, ASM increased its investments in shares of PT Asuransi MAIPARK Indonesia (AMI) by Rp 1, or equivalent to 3.96% ownership interest.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

18. Investment Properties

As of December 31, 2013 and 2012, these represent investments in land and building.

Following are the balances of and changes in investment properties and the related accumulated depreciation:

	January 1, 2013	Changes during 2013 Additions	Deductions	Acquisition	December 31, 2013
At Cost					
Land	4,400	378	-	-	4,778
Building	11,724	8,036	(517)	203,939	223,182
	16,124	8,414	(517)	203,939	227,960
Accumulated Depreciation					
Building	5,827	4,463	(414)	22,454	32,330
Net Book Value	10,297				195,630

	January 1, 2012	Changes during 2012 Additions	Deductions	Reclassification	December 31, 2012
At Cost					
Land	-	4,400	-	-	4,400
Building	11,691	33	-	-	11,724
	11,691	4,433	-	-	16,124
Accumulated Depreciation					
Building	5,246	581	-	-	5,827
Net Book Value	6,445				10,297

Depreciation charged to operations for the years ended December 31, 2013 and 2012 amounted to Rp 4,463 and Rp 581, respectively.

As of December 31, 2013 and 2012, the fair value of investment property of ASM, subsidiary, amounted to Rp 22,664 and Rp 20,964 based on independent appraisal report of Ihot, Dolar & Rekan dated February 10, 2014 and December 26, 2012, respectively.

Deductions in investment property pertain to the sale of certain investment properties with details as follows:

	2013	2012
Selling price	2,000	-
Carrying value	103	-
Gain on sale of investment properties (Note 43)	1,897	-

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Investment properties are insured with ASM, a subsidiary and other insurance companies, third parties, for Rp 352,800 and US$ 1,237,112 in 2013 andRp 1,302 and US$ 1,237,112 in 2012. Management believes that the insurance coverages are adequate to cover any possible losses that might arise from the assets insured.

Management believes that there is no impairment in value of the aforementioned assets as of December 31, 2013 and 2012.

19. Property and Equipment

	January 1, 2013	Changes during 2013				December 31, 2013
		Additions	Deductions	Acquisition *)	Reclassifications	
At cost						
Direct acquisitions						
Land	322,037	61,798	(1,857)	-	-	381,978
Buildings	782,427	224,330	(357)	-	30,221	1,036,621
Office equipment	690,625	150,567	(9,859)	924	-	832,257
Motor vehicles	238,153	16,551	(8,667)	-	-	246,037
Furniture and fixtures	36,115	11,167	(38)	934	-	48,178
Machineries and equipment	41,693	14,174	(297)	-	-	55,570
Construction in progress	310,471	292,947	-	-	(30,221)	573,197
Total	2,421,521	771,534	(21,075)	1,858	-	3,173,838
Accumulated depreciation						
Direct acquisitions						
Buildings	133,670	44,579	-	-	-	178,249
Office equipment	285,609	103,922	(8,876)	224	-	380,879
Motor vehicles	107,880	31,580	(5,961)	-	-	133,499
Furniture and fixtures	21,862	7,813	(32)	260	-	29,903
Machineries and equipment	27,995	7,210	(190)	-	-	35,015
Total	577,016	195,104	(15,059)	484	-	757,545
Net Book Value	1,844,505					2,416,293

*) The carrying values of property and equipment of RLS, acquisition subsidiary (Note 1)

	January 1, 2012	Changes during 2012			December 31, 2012
		Additions	Deductions	Reclassifications	
At cost					
Direct acquisitions					
Land	253,992	57,015	(747)	11,777	322,037
Buildings	616,074	212,434	(4,998)	(41,083)	782,427
Office equipment	504,699	193,114	(7,188)	-	690,625
Motor vehicles	205,923	41,448	(9,218)	-	238,153
Furniture and fixtures	29,894	7,147	(926)	-	36,115
Machineries and equipment	33,972	7,721	-	-	41,693
Construction in progress	34,421	246,744	-	29,306	310,471
Total	1,678,975	765,623	(23,077)	-	2,421,521

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	January 1, 2012	Changes during 2012 Additions	Deductions	Reclassifications	December 31, 2012
Accumulated depreciation					
Direct acquisitions					
Buildings	103,782	32,408	(2,520)	-	133,670
Office equipment	202,089	90,605	(7,085)	-	285,609
Motor vehicles	81,879	32,542	(6,541)	-	107,880
Furniture and fixtures	16,913	5,848	(899)	-	21,862
Machineries and equipment	20,591	7,404	-	-	27,995
Total	425,254	168,807	(17,045)	-	577,016
Net Book Value	1,253,721				1,844,505

Depreciation charged to operations in 2013 and 2012 amounted to Rp 195,104 and Rp 168,807, respectively.

Depreciation which were included in other expenses - direct cost of service center in 2013 and 2012 amounted to Rp 1,863 and Rp 1,807, respectively (Note 48).

As of December 31, 2013, construction in progress represent building construction in Jakarta, Pekalongan, Magelang, Bali, Bengkulu, Yogyakarta, Garut, Bojonegoro, Cilacap, Indramayu, Majalengka, Purwakarta, Karawang, Depok, Lombok, Ciamis, Merauke, Jombang, Nusa Tenggara Barat, Bandung, and Tangerang with contract value of Rp 145,817 and USD 80,000,000 and estimated date of completion is in 2014-2015, with contractual commitment amounts of Rp 72,441 and USD 37,000,000.

As of December 31, 2012, construction in progress represent building construction in Jakarta, Surabaya, Belitung, Pekalongan, Semarang, Kudus, Jember and Magelang with contract value of Rp 64,100 and USD 80,000,000 and estimated date of completion is in 2013-2014, with contractual commitment amounts of Rp 22,035 and USD 53,146,300.

Deductions in property and equipment pertain to the sale of certain property and equipment with details as follows:

	2013	2012
Selling price	8,109	7,714
Net book value	6,016	6,032
Gain on sale of property and equipment (Note 43)	2,093	1,682

Property and equipment are insured with ASM, a subsidiary, and other insurance companies amounting to Rp 1,893,724 and USD 3,072,920 as of December 31, 2013 and Rp 1,642,446 and USD 2,900,000 as of December 31, 2012. Management believes that the insurance coverages are adequate to cover any possible losses that might arise from the assets insured.

Management believes that there is no impairment in value of the aforementioned assets as of December 31, 2013 and 2012.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

20. Foreclosed Properties

Foreclosed properties were obtained by SMF and BS, subsidiaries, from settlement of their receivables from and loans to customers.

	2013	2012
Land, houses, and apartments	75,564	76,944
Vehicles	27,925	18,369
Heavy equipment	12,504	371
Total	115,993	95,684
Allowance for impairment losses	(3,227)	(1,664)
Net	112,766	94,020

These foreclosed properties are not insured.

At this point in time, SMF and BS are still in the process of selling the foreclosed properties, i.e. by cooperating with property agents to sell the land, houses and apartment units.

The changes is allowance for impairment losses on foreclosed properties are as follows:

	2013	2012
Balance at the beginning of the year	1,664	442
Provisions during the year	1,563	1,222
Balance at the end of the year	3,227	1,664

As of December 31, 2013 and 2012, management believes that the allowance for impairment losses is adequate to cover the possible losses which might arise from the decline in values of the foreclosed properties.

21. Other Assets

	2013	2012
Prepaid expenses	302,805	161,862
Advanced payment for purchase of property and equipment	274,400	253,907
Advanced payment for buildings renovation	37,188	72,600
Deferred acquisition cost	33,155	25,964
Inventories	26,882	37,623
Security deposits	25,940	21,596
Prepaid taxes	16,711	9,608
Goodwill	6,852	-
Advances for investment	500	500
Derivative assets	-	2,285
Others	52,639	35,919
Total	777,072	621,864

Advanced payment for purchase of property and equipment and advanced payment for buildings renovation represent advances for purchases and/or payment to suppliers and contractors which have not been settled as of the date of consolidated statements of financial position.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

Prepaid expenses include prepayments of office rental, shares administration charges, stamp duties and insurance premiums.

Deferred acquisition cost represent cost paid for selling, underwriting, and initiate new insurance contract, both direct cost and indirect cost that are deferred and amortized consistently using unearned premiums method.

Prepaid taxes represent corporate income tax overpaid and Value Added Tax.

As of December 31, 2013 and 2012, the balances of other assets from related parties amounted to Rp 61,278 and Rp 24,395, respectively (Note 51).

22. Deposits and Deposits from Other Banks

These represent deposits and deposits from other banks placed in BS, a subsidiary.

	2013	2012
Demand deposits	3,522,384	3,096,848
Saving deposits	5,236,420	4,148,957
Time deposits	4,591,985	5,171,579
Deposits from other banks	256,681	152,335
Total	13,607,470	12,569,719

a. Demand deposits consist of:

	2013	2012
Related parties (Note 51)		
Rupiah	370,263	436,032
Foreign currencies (Note 52)	801,199	352,181
Total	1,171,462	788,213
Third parties		
Rupiah	1,335,949	1,302,126
Foreign currencies (Note 52)	1,014,973	1,006,509
Total	2,350,922	2,308,635
Total	3,522,384	3,096,848

As of December 31, 2013 and 2012, demand deposits managed by Sharia unit amounted to Rp 37,842 and Rp 37,715, respectively.

Average interest rates per annum on demand deposits are as follows:

	2013	2012
Rupiah	0.00% - 6.50%	1.00% - 6.00%
Foreign currencies	0.00% - 2.50%	0.10% - 2.50%

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

b. Savings deposits consist of:

	2013	2012
Rupiah		
Related parties (Note 51)	24,368	13,812
Third parties	5,212,052	4,135,145
Total	5,236,420	4,148,957

As of December 31, 2013 and 2012, savings managed by Sharia unit amounted to Rp 49,451 and Rp 14,284, respectively.

Average interest rates per annum on savings deposits are 0.00% - 5.52% and 0.25% - 5.25% as of December 31, 2013 and 2012, respectively.

c. Time deposits consist of:

	2013	2012
Related parties (Note 51)		
Rupiah	534,172	1,114,008
Foreign currencies (Note 52)	1,100,788	1,357,643
Total	1,634,960	2,471,651
Third parties		
Rupiah	2,484,494	2,400,139
Foreign currencies (Note 52)	472,531	299,789
Total	2,957,025	2,699,928
Total	4,591,985	5,171,579

As of December 31, 2013 and 2012, time deposits are managed by Sharia unit, amounting to Rp 472,195 and Rp 505,935, respectively.

Total time deposits which were blocked and used as collateral for credits, letters of credit, and bank guarantees as of December 31, 2013 and 2012, amounted to Rp 1,423,805 and Rp 1,717,151, respectively (Notes 11 and 55).

Interest rates per annum on time deposits are as follows:

	2013	2012
Rupiah	5.00% - 10.50%	2.00% - 10.00%
Foreign currencies	0.15% - 3.50%	0.38% - 3.50%

d. Deposits from other banks consist of:

	2013	2012
Demand deposits	201,481	95,335
Time deposits	35,200	57,000
Call Money	20,000	-
Total	256,681	152,335

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

a. Demand deposits consist of:

	2013	2012
Third parties		
Rupiah	165,282	63,992
Foreign currencies (Note 52)	36,199	31,343
Total	201,481	95,335

Interest rates per annum are as follows:

	2013	2012
Rupiah	0.00% - 5.00%	1.00% - 5.00%
Foreign currencies	0.00% - 0.15%	0.00% - 0.25%

As of December 31, 2013 and 2012, demand deposits are managed by Sharia unit, amounting to Rp 7 and Rp 448, respectively.

b. Time deposits represent time deposits which are placed by third parties in Rupiah.

As of December 31, 2013 and 2012, time deposits are managed by Sharia unit, amounting to nil and Rp 49,500, respectively.

Interest rates for deposits from other banks per annum are 7.60% - 7.75% and 5.50% - 7.25%, as of December 31, 2013 and 2012, respectively.

23. Insurance Payable

	2013	2012
Related parties (Note 51)		
Commissions payable	6,893	8,310
Reinsurance payable	4,954	2,661
Insurance claims payable	520	1,460
Premiums payable	342	696
Total	12,709	13,127
Third parties		
Reinsurance payable	245,080	180,677
Insurance claims payable	88,825	100,098
Commissions payable	41,562	36,846
Premiums payable	33,395	29,365
Total	408,862	346,986
Total	421,571	360,113

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

The details of insurance payable based on currency:

	2013	2012
Rupiah		
Reinsurance payable	58,410	110,924
Insurance claims payable	67,129	86,445
Commissions payable	39,284	37,163
Premiums payable	20,421	19,357
Total	185,244	253,889
Forreign currencies (Note 52)		
Reinsurance payable	191,624	72,414
Insurance claims payable	22,216	15,113
Commissions payable	9,171	7,993
Premiums payable	13,316	10,704
Total	236,327	106,224
Total	421,571	360,113

The details of insurance payable based on type of insurance:

	2013			
	Reinsurance	Claim	Commission	Premium
Fire	137,831	1,645	9,838	13,467
Health	12,087	31,123	3,978	-
Motor Vehicles	5,572	9,974	9,795	16,350
Marine Hull	22,550	641	2,674	1,105
Engineering	49,538	-	1,341	942
Marine Cargo	12,807	230	978	106
Death	965	-	2,026	-
Accident	86	-	-	-
Miscellaneous	8,598	45,732	17,825	1,767
Total	250,034	89,345	48,455	33,737

	2012			
	Reinsurance	Claim	Commission	Premium
Fire	81,291	290	8,513	7,326
Health	46,781	30,167	5,518	-
Motor Vehicles	29,958	11,292	5,150	14,328
Marine Hull	9,312	57	2,338	2,889
Engineering	8,884	-	435	2,087
Marine Cargo	4,455	78	1,139	2,186
Death	974	598	-	-
Accident	12	-	6	-
Miscellaneous	1,671	59,076	22,057	1,245
Total	183,338	101,558	45,156	30,061

Reinsurance payables represent insurance premiums due to the reinsurance companies based on the reinsurance contract (treaty) for certain amount of insurance policies.

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Commissions payable represent commissions due to brokers and insurance agencies while insurance claims payable represent liabilities to policyholders in relation to claims which have been approved but the payments of which are still in process.

Premiums payable represent co-insurance premium payable to co-insurance member arising from life insurance transaction.

24. Premiums Received in Advance

This account represents premiums received in advance by ASM, a subsidiary, in relation to insurance policies issued with coverage period of more than one (1) year.

Premiums received in advance by type of insurance are as follows:

	2013	2012
Motor Vehicles	583,676	526,406
Fire	666,058	69,150
Miscellaneous	47,146	17,470
Engineering	40,631	6,756
Marine Cargo	5,759	5
Marine Hull	106	-
Health	153	-
Total	1,343,529	619,787

25. Liability for Future Policy Benefits

a. Liability for future policy benefits represents the amount set aside to provide the benefits promised to policyholders under the terms of life insurance policies in force, which are stated in the policies and determined in accordance with the actuarial calculation.

b. The details of liability for future policy benefits based on type of coverage are as follows:

	2013	2012
Individual:		
Combined endowment	7,349,104	9,504,445
Whole life combined	222,826	197,683
Whole life	49,897	45,815
Endowment	9,347	8,688
Non-traditional	1,415	4,524
Death	269	432
Subtotal	7,632,858	9,761,587
Group:		
Death	290,856	247,124
Non-traditional	11	6
Subtotal	290,867	247,130
Total	7,923,725	10,008,717

c. As of December 31, 2013 and 2012, AJSM, a subsidiary, liability for future policy benefits is recorded by AJSM based on actuarial calculation. The assumptions used in the computation are as follows:

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

For the insurance policies issued since 1994:

Type of Insurance	Mortality Table	Actuarial Interest	Method of Reserve Computation
a. Individual:			
Death	Reinsurance	8%	Zilmer
	TMI 93 + Reinsurance	2%, 8%	Net level premium
Endowment	MOD TMI 93	8%	Net level premium
	Reinsurance	9%	Net level premium
	CSO 58	5%	Net level premium
Combined endowment	CSO 80	4%, 8%, 9%	Zilmer
	TMI 93	2.5%, 3%, 5% 7%, 8%	Net level premium
	Reinsurance + TMI 93	2%, 4%, 8%	Net level premium
	CSO 80	4%, 8%, 9%	Zilmer
		7%	Net level premium
	Reinsurance	5%, 7%, 8%	Net level premium
		5%, 9%	Net level premium + Zilmer
	MOD CSO 58	8%	Net level premium
Whole life	TMI 93	4%, 5%, 9%	Net level premium
	CSO 58	6%	Zilmer
		4%, 7%, 8%	Net level premium
	Reinsurance	5%, 8%	Zilmer
Combined Whole life	CSO 58	5%, 6%	Net level premium
	TMI 93	4%, 5%, 7%, 8%	Net level premium
	Reinsurance	5%, 9%	Zilmer
b. Group:			
Death	Reinsurance	4%, 8%	Net level premium

For the insurance policies issued before 1994:

Type of Insurance	Mortality Table	Actuarial Interest	Method of Reserve Computation
Individual:			
Endowment	CSO 58	8%	Zilmer
Combined Endowment	CSO 58	4%, 7%	Zilmer
Whole life	CSO 58	6%	Zilmer

The above liability for future policy benefits are prospective with linear interpolation.

d. The changes in liability for future policy benefits are as follows:

	2013	2012
Balance at the beginning of the year	10,008,717	7,696,397
Increase (decrease) in liability for future benefits (Note 44)	(2,117,408)	2,262,842
Increase in liability for future benefits - sharia	32,416	49,478
Balance at the end of year	7,923,725	10,008,717

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

26. Unearned Premiums and Estimated Liability Claims

	2013	2012
Unearned premiums	1,276,711	1,457,906
Estimated liability claims	636,077	512,001
Total	1,912,788	1,969,907

a. Unearned Premiums

Unearned premiums by type of insurance are as follows:

	2013	2012
Fire	426,951	600,497
Health	287,930	340,487
Motor vehicles	401,356	318,069
Miscellaneous	105,113	114,524
Marine cargo	5,188	51,647
Marine hull	29,860	24,430
Engineering	17,101	5,372
Accident	2,604	2,411
Death	608	469
Total	1,276,711	1,457,906

The changes in unearned premiums are as follows:

	2013	2012
Balance at the beginning of the year	1,457,906	1,375,957
Increase in unearned premiums (Note 40)	123,190	63,734
Increase (decrease) in reinsurance assets	(312,036)	14,469
Increase in unearned premiums tabarru' fund	7,651	3,746
Balance at the end of year	1,276,711	1,457,906

b. Estimated Claims Liability

The details of estimated claims liability by type of insurance are as follows:

	2013	2012
Fire	267,909	223,511
Motor vehicles	101,964	104,651
Marine hull	62,999	63,521
Miscellaneous	88,778	61,229
Health	53,475	34,278
Death	10,173	8,752
Marine cargo	10,177	8,324
Engineering	40,602	7,735
Total	636,077	512,001

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

The changes in estimated claims liability are as follows:

	2013	2012
Balance at the beginning of the year	512,001	477,025
Increase in estimated claims liability (Note 44)	32,449	43,541
Increase in reinsurance assets	90,483	8,958
Increase in estimated claims liability tabarru' fund	1,144	(17,523)
Balance at the end of year	636,077	512,001

As of December 31, 2013 and 2012, the balance of unearned premiums and estimated claims liability to related parties amounted to Rp 458,290 and Rp 788,726, respectively (Note 51).

27. Securities Agent Payables

	2013	2012
Payable to customers	80,192	37,829
Commission payable	1,149	2,973
Payable to PT KPEI	-	100,420
Total	81,341	141,222

Payable to customers and PT Kliring Penjaminan Efek Indonesia (KPEI) are liabilities of SMS, a subsidiary, in relation with purchase and sale transactions of customers' shares of stock.

As of December 31, 2013 and 2012, the balance of securities agent payables to related parties amounted to Rp 1,264 and Rp 2,257, respectively (Note 51).

28. Taxes Payable

	2013	2012
Income taxes		
Article 29	246,437	36,572
Article 4 (2)	11,747	13,838
Article 21	14,525	13,086
Article 25	7,245	5,257
Articles 23 and 26	1,831	1,281
Value Added Tax	1,206	4,553
Total	282,991	74,587

The filing of tax returns is based on the Group's own calculation of tax liabilities (self-assessment). Based on the third amendment of the General Taxation Provisions and Procedures No. 28 Year 2007, the time limit for the tax authorities to assess or amend taxes was reduced from 10 to 5 years, subject to certain exceptions, since the tax became payable and for year 2007 and prior years, the time limit will end at the latest on fiscal year 2013.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

29. Accrued Expenses

	2013	2012
Interest	42,372	37,650
Others	45,632	38,634
Total	88,004	76,284

Others represent accruals of certain operating expenses.

As of December 31, 2013 and 2012, the balance of accrued interest to related parties amounted to Rp 3,366 and a Rp 6,912, respectively (Note 51).

30. Securities Issued

	2013	2012
Medium term notes	800,000	1,000,000
Bonds	500,000	-
Unamortized issuance cost	(9,096)	(3,116)
Total	1,290,904	996,884

Medium Term Notes

SMF, a subsidiary, issued Medium Term Notes Sinar Mas Multifinance Year 2012 with nominal value of Rp 1,000,000 and made in 2 withdrawals as follows:

a. Amounting to Rp 600,000 on November 13, 2012
b. Amounting to Rp 400,000 on November 29, 2012

MTN' period is three (3) years or less if option is exercised by SMF. MTN' interest rate is 11% per annum which will be paid every 3 months. The MTN will mature on November 13, 2015 and November 29, 2015, respectively.

These MTN's are unsecured and not listed in any stock exchange.

SMS and BS, subsidiaries, acted as Arranger and Monitoring and Payment Agent¸ respectively of MTN Sinar Mas Multifinance year 2012.

In July 2013, SMF had settled part of the principal loan amounting to Rp 200,000.

Bonds

On March 28, 2013, SMF obtained the Notice of Effectivity from the Chairman of the Capital Market Financial Services Authority in his Letter No. S-63/D.04/2013 for its offering to the public of Bonds of Sinar Mas Multifinance II Year 2013 with Fixed Interest Rate with total nominal amount of Rp 500,000 and with term of five (5) years. These bonds were issued without warrants and offered with 100% of the principal of bonds. Interest is at 10.75% per annum and interest is payable on a quarterly basis. These bonds are secured by consumer financing receivables, net investments in finance lease and factoring receivables.

The bonds are listed at the Indonesian Stock Exchange and SMF ranked [Idr]A-(A minus) from PT ICRA Indonesia.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

PT Bank Permata and SMS, a subsidiary, each acted as trustee and underwriter, respectively, of Bonds of Sinar Mas Multifinance II Year 2013.

31. Loans Received

As of December 31, 2013 and 2012, this account represents loans of SMF and ABSM, subsidiaries, which were obtained from:

	2013	2012
Third Parties		
PT Bank Negara Indonesia (Persero) Tbk	246,782	333,816
PT Bank Pan Indonesia Tbk	400,000	390,000
PT Bank Victoria International Tbk	2,142	109,301
PT Bank Capital Indonesia Tbk	-	100,000
PT Bank ICBC Indonesia	67,550	68,400
Subtotal	716,474	1,001,517
Unamortized issuance cost	(1,579)	(1,898)
Total	714,895	999,619

PT Bank Negara Indonesia (Persero) Tbk (BNI)

SMF obtained a working capital loan facility from BNI with maximum facility of Rp 350,000 and loan facility arising from non-revolving loan installment. The availability of the facility is for 12 months. The facility has been extended several times, the latest extension is until March 30, 2014. Interest rates range from 10.00% to 13.75% per annum. As of December 31, 2013 and 2012, the outstanding loan amounted to Rp 246,782 and Rp 333,816, respectively.

The facility is fiduciary secured by motor vehicles consumer financing receivables (Note 7).

PT Bank Pan Indonesia Tbk (Panin)

The Company, obtained a revolving working capital loan facility from Panin with a maximum facility of Rp 400,000. The availability of the facility is for 12 months. The facility has been extended several times, the latest extension is until March 30, 2014. In 2013 and 2012, interest rates per annum range from 8.75% -12.00% and 9.00% - 10.50%, respectively. As of December 31, 2013 and 2012, the outstanding loan amounted to Rp 400,000 and Rp 390,000, respectively.

The facility is fiduciary secured by consumer financing receivables (Note 7).

PT Bank Victoria International Tbk (Victoria)

a. On July 16,2008, ABSM, a subsidiary, obtained a working capital loan facility withdrawn in Victoria’s fixed loans installments (PTDA) with a maximum facility of Rp 35,000. This facility withdrawn for a period of 12 months from the date of the agreement and paid within a period of 1, 2 and 3 years from the date of each drawdown facility. On July 4, 2012, this facility has been extended with drawdown period from July 16, 2012 until July 16, 2013, with payment period of 1, 2 and 3 years from the date of drawdown. Interest rate on this loan is 11.5% per annum. As of December 31, 2013 and 2012, the outstanding loan amounted to Rp 2,142 and Rp 9,301, respectively.

   The facility is fiduciary secured by net investment in finance lease (Note 8).

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b. On March 29, 2011, SMF, a subsiadiary, obtained a revolving working capital credit facility from Victoria with maximum facility of Rp 100,000. The availability of the facility is for 12 months, and this facility has been extended several times, the latest extention on is until March 29, 2013. On February 6, 2013, the loan facility was settled and not extended. Interest rates range from 10.00% to 10.25% per annum. As of December 31, 2012, the oustanding loan amounted to Rp 100,000.

   The facility is fiduciary secured by consumer financing receivables (Note 7).

PT Bank Capital Indonesia Tbk (Capital)

On December 16, 2010, SMF obtained a revolving working capital loan facility from Capital with maximum facility of Rp 100,000. The availability of the facility is for 12 months, with interest rate of 10.50% per annum. This facility has been extended until December 16, 2013. The loan facility was settled on April 11, 2013. As of December 31, 2012, the outstanding loan amounted to Rp 100,000.

The facility is fiduciary secured by factoring receivables (Note 9).

PT Bank ICBC Indonesia (ICBC)

ABSM, a subsidiary, obtained a fixed loan facility - On Demand from ICBC with maximum facility of Rp 70,000. This facility has a term of 1 year and has been extended several times, the latest will be available until June 11, 2014. Interest rate is at 12% per annum. As of December 31, 2013 and 2012, the outstanding loan amounted to Rp 67,550 and 68,400, respectively.

The facility is fiduciary secured by factoring receivables (Note 9).

The loans obtained by the subsidiares from BNI, Panin, Victoria, Capital and ICBC include requirements that restrict the subsidiares, among others, to conduct merger, acquisition, reorganization, change of business or change their legal status or liquidate the subsidiares, file a petition for bankruptcy or delaying payment of their debts, withdraw or reduce the paid up capital and to guarantee or mortgage shares.

32. Other Liabilities

	2013	2012
Immediately payable liabilities	224,885	201,367
Premiums received still in identification process	111,513	144,333
Policyholder's deposits	59,284	22,741
Margin deposits	55,758	35,579
Tabarru fund	21,141	12,979
Payable to policyholder's	13,785	13,274
Unearned revenues	8,532	10,981
Tithe payable	1,353	504
Traveller's checks	355	431
Others	71,586	54,136
Total	568,192	496,325

Tabarru’ fund is the fund establish from contribution, investment income, and accumulated tabarru’ funds underwriting surplus reserve which is allocated to tabarru fund.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

As of December 31, 2013 and 2012, the balance of other liabilities to related parties amounted to Rp 3,330 and Rp 2,131, respectively (Note 51).

33. Non Controlling Interests in Net Assets and Comprehensive Income (Losses) of the Subsidiaries

a. Noncontrolling interest in net assets of the subsidiaries

	2013	2012
AJSM	4,430,941	4,830,096
BS	1,118,105	792,668
GAI	4,005	3,476
JTU	51	50
AUP	1	1
SU	-	1,511
Total	5,553,103	5,627,802

b. Noncontrolling interest in comprehensive income (losses) of the subsidiaries

	2013	2012
AJSM	(276,106)	409,641
BS	40,952	158,058
GAI	529	401
SU	-	45
JTU	1	2
Total	(234,624)	568,147

34. Capital Stock

The share ownership in the Company based on the records of STG, share registrar, a subsidiary, is as follows:

By Series of Shares:

	2013				2012			
Shares	%	Number of Shares	Nominal Value per Share (in full Rupiah)	Total Paid up Capital Stock	%	Number of Shares	Nominal Value per Share (in full Rupiah)	Total Paid up Capital Stock
Series A	2.28	142,474,368	5,000	712,372	2.28	142,474,368	5,000	712,372
Series B	97.72	6,095,334,349	100	609,533	97.72	6,093,458,908	100	609,346
Total	100.00	6,237,808,717		1,321,905	100.00	6,235,933,276		1,321,718

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

By Ownership of Interest:

Ownership	2013 %	2013 Number of Shares	2012 %	2012 Number of Shares
BNYM SA/NV Cust of Bank of Singapore	52.41	3,269,419,078	20.53	1,280,081,650
JBC International Finance (MAU) Limited	-	-	31.90	1,989,425,928
Public (below 5% each)	47.59	2,968,389,639	47.57	2,966,425,698
Total	100.00	6,237,808,717	100.00	6,235,933,276

All capital stock issued by the Company (Series A and Series B shares) are common stock.

The changes in capital stock of the Company are as follows:

	Jumlah Saham	Modal Disetor
Balance as of January 1, 2012	6,232,538,057	1,321,378
Additional issuance of capital stock from the conversion of series IV warrants (Note 39)	3,395,219	340
Balance as of December 31, 2012	6,235,933,276	1,321,718
Additional issuance of capital stock from the conversion of series IV warrants (Note 39)	1,875,441	187
Balance as of December 31, 2013	6,237,808,717	1,321,905

Capital Management

The primary objective of the Group' capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group is not required to meet any capital requirement.

The Group manages its capital structure and makes adjustment in light of changes in economic conditions. The Group monitors its capital using gearing ratio (debt to equity ratio), by dividing net debt to capital. The Group's policy is to maintain the gearing ratio within the range of gearing ratios of the other companies with similar industry in Indonesia. Net debt is calculated as total borrowings (including short-term and long-term) less cash and cash in banks. Total capital is calculated as equity attributable to the Company's stockholders as shown in the consolidated statement of financial position.

Ratio of net debt to equity as of December 31, 2013 and 2012 are as follows:

	2013	2012
Deposits and deposits from other banks	13,607,470	12,569,719
Loans received	714,895	999,619
Securities issued	1,290,904	996,884
Cash and cash in banks	(2,599,638)	(2,422,717)
Total - net	13,013,631	12,143,505
Total equity	11,573,049	10,627,877
The ratio of net loans and debt to equity	112.45%	114.26%

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

35. Additional Paid-in Capital - Net

Details of this account follows:

	2013	2012
Additional paid-in capital	813,642	812,892
Difference in value arising from restructuring transactions among entities under common control	93,484	93,484
Equity stock issuance cost	(3,137)	(3,137)
Total	903,989	903,239

The changes in additional paid-in capital for the period January 1, 2012 up to December 31, 2013 follows:

	Jumlah
Balance as of January 1, 2012	808,397
Reclassification from difference in value arising from restructuring transactions among entities under common control	93,484
Additional issuance of capital stock from the conversion of Series IV warrants (Note 39)	1,358
Balance as of December 31, 2012	903,239
Additional issuance of capital stock from the conversion of Series IV warrants (Note 39)	750
Balance as of December 31, 2013	903,989

a. Additional paid-in capital consist of:

	2013	2012
Initial public offering	78,000	78,000
Limited public offering I	165,750	165,750
Limited public offering III	24,783	24,783
Conversion of Series I warrants	49,372	49,372
Conversion of Series III warrants	396,353	396,353
Conversion of Series IV warrants	175,884	175,134
Conversion to capital stock	(76,500)	(76,500)
Total	813,642	812,892

b. Equity stock issuance cost incurred on Limited Public Offering II, III and IV, amounted to Rp 904, Rp 1,060, and Rp 1,173, respectively.

c. Difference in Value Arising from Restructuring Transactions Among Entities Under Common Control

In December 2006, the Company increased its investment in AJSM amounting to Rp 15,000. The increase in investment resulted to an increase in ownership interest of the Company in AJSM from 50.00% to 73.08%, since the other stockholders, namely PT Sinarindo Gerbangmas (SG) and PT Sinar Mas Tunggal (SMT) (both companies are owned by Sinar Mas Group) did not increase their investments. Difference between the tranfer price and book value of restructuring transactions among entities under common control amounting to Rp 46,028 was recorded in additional paid-in capital account.

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In December 2007, the Company increased its investment in AJSM amounting to Rp 20,000. The increase in investment resulted to an increase in ownership interest of the Company in AJSM from 73.08% to 83.33%, since SG and SMT did not increase their investments. Difference between the transfer price and book value of restructuring transactions among entities under common control amounting to Rp 47,475 was recorded in additional paid-in capital account.

In 2012, 2011, 2010, 2009 and 2008, the Company increased its investment in JTUM amounting to Rp 25,000, Rp 25,000, Rp 15,000, Rp 20,000 and Rp 8,000, respectively. The increase in investment resulted to an increase in ownership interest of the Company in JTUM to 99.93% in 2011, 99.90% in 2010, 99.86% in 2009, 99.67% in 2008, since the other stockholders, PT Kalibesar Raya Utama, a company owned by Sinar Mas Group, did not increase their investments. Difference between the tranfer price and book value of restructuring transactions among entities under common control amounting to nil, Rp (1), Rp (1), Rp (7) and Rp (10), respectively, was recorded in additional paid-in capital account.

The balance of additional paid-in capital from the above transactions as of December 31, 2013 and 2012 amounted to Rp 93,484.

36. Other Equity Components

This account represents changes in value of investments of the Company due to changes in equity of the subsidiaries and associated companies which resulted from the change in the Company’s ownership interest in AJSM. BS, PT Panji Ratu Jakarta and PT Super Wahana Tehno (SWT), unrealized loss on decrease in value of securities of ASM, AJSM and BS and changes in fair values of derivative instruments of PT Oto Multiartha (OTO).

	2013	2012
Unrealized gain (loss) on change in fair value of available for sale securities of subsidiaries (Note 5)	(263,851)	7,218
Share in translation adjustment of a subsidiary	2,044	353
Effects of transactions of subsidiary and associated company with other investors	2,863,936	2,866,497
Changes in fair values of derivative instruments and others	(62)	(9,099)
Total	2,602,067	2,864,969

In 2013, other components of equity amounting to Rp 6,614 that has been realized directly in profit and loss pertains to sold shares of OTO and SWT. Loss from realized other components of equity is shown net with gain on sale of investment in shares (Note 17) in the consolidated statements of comprehensive income.

37. Cash Dividends

Based on the Annual General Stockholders’ Meeting dated June 10, 2013, the shareholder approved the distribution of cash dividend for 2012 amounting to Rp 6,237 or Rp 1 (in Rupiah full amount) per Series A and Series B share.

Based on the Annual General Stockholders’ Meeting dated June 15, 2012, the shareholder approved the distribution of cash dividend for 2011 amounting to Rp 6,236 or Rp 1 (in Rupiah full amount) per Series A and Series B Share.

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38. General Reserve

Based on the Annual General Stockholders' Meeting dated June 15, 2012, the Company provided general reserve based on the total issued and paid up capital amounting to Rp 264,276.

As of December 31,2013 and 2012, the balance of general reserve amounted to Rp 791,607. This general reserve was provided in relation with the Law of Republic of Indonesia No. 40/2007 dated August 16, 2007 regarding Limited Liability Company, which requires Companies to set up general reserve equivalent to at least 20% of the total issued and paid up capital. There is no timeline over which this amount should be appropriated.

39. Warrants

In July 2008, the Company issued 1,446,793,426 Series IV warrants (detachable warrants), free of charge. These warrants can be exercised during the period from January 6, 2009 up to July 9, 2013. Every holder of a Series IV warrant has a right to buy one Series B share at an exercise price of Rp 500 (in full Rupiah amount) per share.

During 2013 and 2012, 1,875,441 and 3,395,219 Series IV warrants had been converted to Series B shares. Total Series IV warrants that had been converted up to maturity date on July 9, 2013 totaled to 439,713,812 warrants.

40. Insurance Underwriting Income

	2013	2012
Gross premiums	13,885,244	14,459,239
Premi reasuransi	(1,951,178)	(2,032,692)
Increase in unearned premiums (Note 26)	(123,190)	(63,734)
Total	11,810,876	12,362,813

41. Interest Income

	2013	2012
Loans	1,220,272	1,295,619
Consumer finance	386,224	309,988
Short-term investment	413,828	368,179
Time deposits	260,938	297,030
Factoring	167,634	80,144
Lease liabilities	19,395	18,999
Securities purchased under agreements to resell	4,542	1,184
Mortgage receivables	3,804	2,088
Others	1,766	2,797
Total	2,478,403	2,376,028

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

42. Sales

This account represent sales of foreign currencies by SMC, a subsidiary, in 2013 and sales by the Company in 2012.

43. Other Income

	2013	2012
Operator's remuneration for managing insurance operation	39,464	15,395
Dividend income	39,135	27,284
Service center income	32,304	23,779
Income from penalties	19,921	8,665
Interest income - current account	19,439	17,417
Printing insurance policy income	12,261	9,111
Surplus underwriting income distribution	7,371	9,762
Management revenues for investment	3,671	2,128
Others	57,311	37,648
Total	230,877	151,189

Others include service income, gain on sale of investment properties and property and equipment (Notes 18 and 19), and other income.

44. Insurance Underwriting Expenses

	2013	2012
Gross claims	16,155,084	10,854,521
Reinsurance claims	(129,168)	(141,657)
Increase in liability for future policy benefits (Note 25)	(2,117,408)	2,262,842
Decrease in segregated fund contract liabilities - unit link	(2,030,844)	(605,093)
Commission - net	454,308	387,141
Increase in insurance contract liabilities	(122,624)	141,780
Increase in estimated claims liabilities (Note 26)	32,449	43,541
Other underwriting expense	48,212	41,366
Total	12,290,009	12,984,441

45. General and Administrative Expenses

	2013	2012
Office appliances	236,547	215,500
Depreciation	197,704	167,581
Marketing and advertising	120,829	163,699
Electricity, water, and telephone	158,903	141,267
Rental	113,158	77,705
Professional fees	29,227	32,436
Defined-benefit post employment expense (Note 47)	32,665	22,350
Others	44,799	42,931
Total	933,832	863,469

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

46. Interest Expense

	2013	2012
Time deposits	257,970	408,959
Savings deposits	215,077	147,387
Medium term notes	101,267	12,822
Loans received	83,634	102,859
Current account	50,063	60,022
Bonds	40,347	-
Premiums on Government guarantee	27,640	29,216
Deposits and deposits from other banks	1,793	2,741
Securities sold under repurchase agreement	-	482
Others	1,131	69
Total	778,922	764,557

47. Long Term Employee Benefits Liability

The Group determines long term employee benefits liability based on Law No. 13 Year 2003, dated March 25, 2003. No funding of the benefits has been made to date by the Group.

As of December 31, 2013 and 2012, the last actuarial valuation report on the the long term employee benefit liability of the Group was from an independent actuary.

A reconciliation of the amount of long-term employee benefits liability presented in the consolidated statements of financial position is as follows:

	2013	2012
Present value of unfunded long-term employee benefit liability	176,688	144,618
Unrecognized actuarial losses	(69,880)	(47,047)
Unrecognized past service costs	(238)	(733)
Long-term employee benefits liability	106,570	96,838

Following are details of long-term employee benefits expense:

	2013	2012
Current service costs	20,580	17,849
Interest costs	9,288	5,485
Amortization of actuarial loss	2,942	3,927
Past service costs	(145)	18,002
Actuarial adjustments	-	(22,913)
Total long-term employee benefits expense	32,665	22,350

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Movements of long-term employee benefit liability are as follows:

	2013	2012
Long-term employee benefit liability at beginning of the year	96,838	76,788
Long-term employee benefit expense during the year (Note 45)	32,665	22,350
Payments during the year	(22,933)	(2,300)
Long-term employee benefit liability at end of the year	106,570	96,838

Principal actuarial assumptions used in the valuation of the defined post-employment benefits are as follows:

	2013	2012
Future salary increase	6.00% - 8.00%	4.50% - 15.00%
Discount rate	8.00% - 8.50%	6.50% - 10.00%

48. Other Expenses

	2013	2012
Repairs and maintenance	87,617	64,020
Training and education	46,635	44,999
Direct costs of service center	16,317	14,937
Others	53,461	39,602
Total	204,030	163,558

Others consist of donation, fine, loss on sale of foreclosed properties and others.

49. Income Taxes

The tax expense of the Group consists of the following:

	2013	2012
Current tax expense		
The Company	222,673	-
Subsidiaries	111,106	110,620
Subtotal	333,779	110,620
Deferred tax benefit		
The Company	1,000	(43)
Subsidiaries	40,825	(22,095)
Subtotal	41,825	(22,138)
Total	375,604	88,482

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Current Tax

A reconciliation between income before tax per statements of comprehensive income of the Company and accumulated fiscal losses is as follows:

	2013	2012
Income before tax per consolidated statements of comprehensive income	1,497,806	1,656,283
Deduct:		
Share in net income of the subsidiaries	(405,967)	(1,621,677)
Income before tax of the Company	1,091,839	34,606
Temporary differences:		
Long term employee benefit expense	263	173
Depreciation expense	-	1
Net	263	174
Permanent differences:		
Depreciation expense	6,435	7,482
Other expenses	912	1,957
Interest income	(27,605)	(27)
Rent income	(7,907)	(5,775)
Gain from investment in units of mutual funds	(6,125)	(24,976)
Gain on sale on investment in shares	109,026	-
Share in net income of the associates	(21,490)	(34,704)
General and administrative expenses	-	14
Net	53,246	(56,029)
Taxable income (fiscal loss)	1,145,348	(21,249)
Accumulated fiscal losses in prior periods	(36,804)	(18,476)
Adjustment on fiscal losses based on Tax Assessment Letter year 2010	-	1,151
Adjustment on fiscal losses year 2011	-	914
Uncompensated fiscal losses	4,819	856
Taxable income (accumulated fiscal losses)	1,113,363	(36,804)
Current tax expense	222,673	-
Prepaid tax	(20)	-
Current tax payable the Company	222,653	-
Current tax payable subsidiaries	23,784	36,572
Total current tax payable (Note 28)	246,437	36,572

There is noincome tax payable as of December 31,2012 since the Company has accumulated tax losses. In 2013, the Company's fiscal losses has been offset with taxable income in 2013.

Based on Tax Assessment Letter No. 00081/406/10/054/12 dated May 4, 2012, the Company's fiscal loss for year 2010 have been adjusted from Rp 3,914 to Rp 2,763.

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Deferred Tax

	January 1, 2012/ December 31, 2011	Credited (charged in) consolidated statement of comprehensive income	December 31, 2012	Credited (charged in) consolidated statement of financial position	Credited (charged in) consolidated statement of comprehensive income	December 31, 2013
Deferred Tax Assets - Net						
Deferred tax assets (liabilities):						
Fiscal losses	1,006	-	1,006	-	(1,006)	-
Long-term employee benefit expense	80	43	123	-	28	151
Depreciation expense	8	-	8	-	(8)	-
Employee loans	14	-	14	-	(14)	-
Total - the Company	1,108	43	1,151	-	(1,000)	151
Subsidiaries	14,933	37,781	52,714	-	(24,633)	28,081
Total	16,041	37,824	53,865	-	(25,633)	28,232
Deferred Tax Liabilities - Net						
Subsidiaries	(43,821)	(15,686)	(59,507)	(6,852)	(16,192)	(82,551)

Management believes that deferred tax assets on temporary differences can be realized in the future.

A reconciliation between the income before tax per consolidated statements of comprehensive income and fiscal losses is as follows:

	2013	2012
Income before tax per consolidated statements of comprehensive income	1,497,806	1,656,283
Deduct:		
Share in net income of subsidiaries	(405,967)	(1,621,677)
Income before tax of the Company	1,091,839	34,606
Tax expense at effective tax rates	218,368	8,652
Tax effects of permanent differences:		
Depreciation expense	1,287	1,871
Other expenses	182	489
Interest income	(5,521)	(7)
Rent income	(1,582)	(1,444)
Gain from investment in units of mutual funds	(1,225)	(6,244)
Gain on sale of investment in shares	21,805	-
Share in net income of associates	(4,298)	(8,676)
General and administrative expenses	-	4
Total	10,648	(14,007)
Unrecognized deferred tax asset on fiscal losses (fiscal losses recovery)	(5,343)	5,312
Tax expense of the Company	223,673	(43)
Tax expense of the subsidiaries	151,931	88,525
Total	375,604	88,482

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50. Earnings Per Share

	2013	2012
Net income for computation of basic earnings per share and diluted earnings per share	1,213,374	1,066,012
Weighted average number of ordinary shares for computation of basic earnings per share	6,236,872,901	6,234,527,999
Weighted average number of potentially dilutive ordinary shares:		
Series IV warrants	-	844,550,092
Weighted average number of ordinary shares for computation of diluted earnings per share	6,236,872,901	7,079,078,091
Earning per share (in full amount)		
Basic	195	171
Diluted	-	151

51. Nature of Relationship and Transactions with Related Parties

Nature of Relationship

Other than the key management personnel, the related parties of the Company represent companies under the Sinar Mas Group of companies:

a. Stockholders (included ultimate stockholder) of the Company.

b. The companies which have the same stockholder with the Company, directly or indirectly.

c. The companies which are controlled by family members of stockholders and key management of the Company.

Transactions with Related Parties

In the normal course of business, the Group entered into certain transactions with related parties.

a. Significant balances with related parties in the consolidated statements of financial position as of consolidated statement of financial position dates are as follows:

	2013		2012	
	Total	Percentage to Total Assets/ Liabilities	Total	Percentage to Total Assets/ Liabilities
		%		%
ASSETS				
Short-term investments	1,236,438	0.03	680,485	0.01
Net investment in finance lease	-	-	4,326	0.00
Factoring receivables	70,084	0.00	69,889	0.00
Premium and reinsurance receivables	117,809	0.00	113,687	0.00
Loans	944,678	0.02	1,427,069	0.03
Securities agent receivables	1,834	0.00	7,045	0.00
Other receivables	14,642	0.00	25,934	0.00
Other assets	61,278	0.00	24,395	0.00
Total Assets	2,446,763	0.05	2,352,830	0.04

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	2013		2012	
	Total	Percentage to Total Assets/ Liabilities	Total	Percentage to Total Assets/ Liabilities
		%		%
LIABILITIES				
Deposits and deposits from other banks	2,830,790	0.09	3,273,676	0.10
Insurance payables	12,709	0.00	13,127	0.00
Unearned premium and estimated claims liability	458,290	0.01	788,726	2.42
Securities agent payables	1,264	0.00	2,257	0.00
Accrued expenses	3,366	0.00	6,912	0.00
Other liabilities	3,330	0.00	2,131	0.00
Total Liabilities	3,309,749	0.10	4,086,829	2.52

b. As of December 31, 2013 and 2012, the Group invested their funds amounting to Rp 813,754 and Rp 425,954, respectively, in units of mutual funds which were managed by SMS, a subsidiary, as investment manager (Note 5).

c. For the years ended December 31, 2013 and 2012, the underwriting income from related parties amounted to Rp 1,286,561 and Rp 863,287 or 9.27% and 5.97%, respectively, of the total underwriting income.

d. For the years ended December 31, 2013 and 2012, the interest income from related parties amounted to Rp 111,348 and Rp 92,873 or 4.49% and 3.91%, respectively, of the total interest income.

e. The Group has insured the investment properties and property and equipment with ASM (Notes 18 and 19).

f. The aggregate salaries and benefits paid by the Group to all commissioners and directors in 2013 and 2012 amounted to Rp 99,135 and Rp 50,665, respectively.

g. As of December 31, 2013 and 2012, the total balance of commitments and contingencies transactions (L/C and bank guarantees) with related parties amounted to Rp 138,818 and Rp 21,386, respectively (Note 55).

52. Net Monetary Assets and Liabilities Denominated in Foreign Currencies

	2013		2012	
	Equivalent in US$	Equivalent in Rp	Equivalent in US$	Equivalent in Rp
Assets				
Cash and cash in banks	73,978,260	900,694	92,014,603	887,241
Short term investments	224,194,462	2,730,189	212,688,312	2,053,327
Factoring receivables	1,471,251	17,933	5,237,557	50,647
Premiums and reinsurance receivables	19,514,657	237,864	10,374,505	100,322
Loans	115,707,642	1,408,162	178,177,224	1,717,183
Acceptance receivables	19,582,940	238,324	-	-
Other receivables	4,047,344	49,322	5,609,604	54,225
Reinsurance assets	59,158,284	721,080	75,796,993	732,957
Other assets	1,332,924	16,224	232,323	2,243
Total assets	518,987,764	6,319,792	580,131,121	5,598,145

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	2013		2012	
	Equivalent in US$	Equivalent in Rp	Equivalent in US$	Equivalent in Rp
Liabilities				
Deposits and deposits from other banks	281,486,419	3,425,690	316,208,960	3,047,465
Insurance payables	19,388,535	236,327	10,984,843	106,224
Acceptance liabilities	19,582,940	238,324	-	-
Liability for future policy benefits	102,781,150	1,252,799	100,445,336	971,306
Segregated funds contract liabilities - Unit lin	29,117,700	354,916	44,040,438	425,581
Premiums received in advance	1,659,581	20,229	1,853,673	17,925
Unearned premiums and estimated claim liabilities	66,869,708	815,075	80,148,257	775,034
Accrued expenses	233,854	2,846	588,949	5,676
Other liabilities	16,639,184	202,520	9,983,055	96,239
Total liabilities	537,759,071	6,548,726	564,253,511	5,445,450
Net	(18,771,307)	(228,934)	15,877,610	152,695

As of December 31, 2013 and 2012, the conversion rates used by the Group were disclosed in Note 2 to consolidated financial statements.

53. Fair Value of Financial Assets and Financial Liabilities

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable, willing parties in an arm’s length transaction, other than in a forced sale or liquidation. Fair values are obtained from quoted prices, discounted cash flows model.

The following table sets forth the carrying amounts and estimated fair values of the Group' financial assets and liabilities:

	2013		2012	
	Carrying value	Estimate Fair Value	Carrying value	Estimate Fair Value
Financial Assets				
At fair value through profit and loss				
Short term investment - securities - shares and warrants	661,283	661,283	2,345,797	2,345,797
Short term investment - securities - bonds	20,000	20,000	54,271	54,271
Short term investment - securities - units of mutual fund	7,409,910	7,409,910	9,822,730	9,822,730
Short term investment - securities - unit link - units of mutual fund	2,413,715	2,413,715	4,913,150	4,913,150
Short term investment - securities - unit link - bonds	5,136	5,136	20,774	20,774
Short term investment - securities - unit link - shares	-	-	38,415	38,415
Other assets - derivative assets	28	28	2,285	2,285
Available for sale				
Short term investment - placement with Bank Indonesia	1,142,439	1,142,439	165,482	165,482
Short term investment - securities - shares	553,537	553,537	595,461	595,461
Short term investment - securities - bonds	7,163,796	7,163,796	3,788,248	3,788,248
Short term investment - securities - units of mutual fund	1,571,472	1,571,472	-	-
Investment in shares	67,529	67,529	244,232	244,232
Cost				
Short term investment - securities - bonds	682,551	629,469	-	-
Fair value				
Short term investment - securities - shares	11,381	11,381	-	-
Short term investment - securities - bonds	123,696	123,696	-	-
Short term investment - securities - units of mutual fund	31,496	31,496	-	-

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	2013		2012	
	Carrying value	Estimate Fair Value	Carrying value	Estimate Fair Value
Financial Assets				
Loan and receivables				
Cash and cash in banks	2,599,638	2,599,638	2,422,717	2,422,717
Securities purchased under agreements to resell	139,211	139,211	-	-
Short term investment - placement with other banks	593,813	593,813	387,852	387,852
Short term investment - time deposits	1,950,998	1,950,998	5,390,537	5,390,537
Short term investment - securities - export bill receivables	207,001	207,001	426,912	426,912
Consumer financing receivables - net	895,987	895,987	719,106	719,106
Net investments in finance lease - net	120,458	120,458	166,937	166,937
Factoring receivables - net	1,144,066	1,144,066	1,243,363	1,243,363
Loans - net	9,926,814	9,981,600	9,543,807	9,543,807
Acceptance receivables	238,324	238,324	-	-
Securities agent receivables	378,544	378,544	369,096	369,096
Other accounts receivable - net	623,751	623,751	892,725	892,725
Other assets	25,940	25,940	21,596	21,596
Total Financial Assets	40,702,514	40,704,218	43,575,493	43,575,493
Financial Liabilities				
Other financial liabilities				
Deposits and deposits from other banks	13,047,975	13,047,975	11,961,837	11,961,837
Securities agent payables	81,341	81,341	141,222	141,222
Acceptance liabilities	238,324	238,324	-	-
Securities issued	1,290,904	1,290,904	996,884	996,884
Loans received	714,895	714,895	999,619	999,619
Accrued expenses	88,004	88,004	76,284	76,284
Other liabilities	366,370	366,370	272,486	272,486
At fair value through profit and loss				
Segregated funds contract liabilities - Unit link	1,912,482	1,912,482	3,943,326	3,943,326
Total Financial Liabilities	17,740,295	17,740,295	18,391,658	18,391,658

Fair Value Hierarchy

The following table discloses the fair value hierarchy of consolidation financial assets:

	2013			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Fair value through profit and loss				
Shares and warrants	661,283	-	-	661,283
Bonds	20,000	-	-	20,000
Units of mutual fund	3,611,436	3,798,474	-	7,409,910
Segregated funds net assets - Unit link	654,600	1,764,251	-	2,418,851
Derivative assets	-	28	-	28
Available for sale				
Placement with Bank Indonesia	1,142,439	-	-	1,142,439
Shares	553,537	-	-	553,537
Units of mutual fund	1,571,472	-	-	1,571,472
Bonds	5,954,079	-	1,209,717	7,163,796
Sharia's effects - fair value				
Shares	11,381	-	-	11,381
Units of mutual fund	31,496	-	-	31,496
Bonds	123,696	-	-	123,696
Total Financial Assets	14,335,419	5,562,753	1,209,717	21,107,889
Financial Liabilities				
Fair value through profit and loss				
Segregated funds contract liabilities - Unit link	1,912,482	-	-	1,912,482

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2012			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Fair value through profit and loss				
Shares and warrants	2,345,797	-	-	2,345,797
Bonds	54,271	-	-	54,271
Unit of mutual funds	3,440,014	6,382,716		9,822,730
Segregated funds net assets - Unit link	700,285	4,272,054	-	4,972,339
Derivative assets	-	2,285	-	2,285
Available for sale				
Placement with Bank Indonesia	165,482	-	-	165,482
Shares and warrants	595,461	-	-	595,461
Bonds	2,867,727	-	920,521	3,788,248
Total Financial Assets	10,169,037	10,657,055	920,521	21,746,613
Financial Liabilities				
Fair value through profit and loss				
Segregated funds contract liabilities - Unit link	3,943,326	-	-	3,943,326

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, or broker, industry group pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transaction on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Indonesia Stock Exchange (IDX) equity investments, bonds investment and units of mutual fund investment classified as available-for-saleor trading securities and segregated funds net assets - Unit link.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity's specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise derivative assets, units of mutual fund and segregated funds contract liabilities - unit link.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Instruments included in Level 3 comprise of certain bonds.

Fair value of short term investments in securities (sharesthat are traded in Indonesia Stock Exhange, bonds and units of mutual fund) and segregated funds net assets - unit link based on fair value, net asset value published was calculated by investment manager.

Fair value of loans, consumer financing receivables, finance lease, factoring receivables, and other receivables are determined based on discounted cash flow analysis using market interest rate.

There is no reliable basis for measuring the fair value of investment in shares (Note 17), thus, the investments in shares are stated at cost.

Deposits and deposits from other banks have a demand feature, thus, the fair value is not less than the amount payable on demand discounted from the first date that the amount could be required to be paid which is equal to the carrying amount.

The fair value of loan received and securities issued are determined based on discounted cash flow analysis using market interest rates.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

Fair value of cash and cash equivalents, short-term investment in time deposits, placements with other banks, Bank Indonesia Intervention, export bill receivable, securities purchased under agreements to resell, securities agent receivables, other assets (security deposits and money transfer), securities sold under agreement to repurchase, securities agent payables, accrued expenses, and other liabilities approximates the carrying value due to short term nature of transactions.

54. Agreements and Engagements

a. On June 6, 2008, the Company entered into room leasing agreement with ASM, a subsidiary, relating to lease at office building of Plaza Simas which is located at Jl. Fachrudin No. 20, Central Jakarta. The lease term is for 15 years, starting from October 1, 2008 up to October 1, 2023 (Note 51).

b. AJSM, a subsidiary, entered into cooperation agreements, wherein AJSM was appointed as insurance agent with third parties. The third parties are PT Bank Commonwealth Indonesia, PT Bank Mayapada Tbk, PT Bank Permata Tbk, PT Bank Muamalat Indonesia, PT Bank OCBC NISP Tbk, PT Bank Nusantara Parahyangan Tbk, PT Bank Windu Kentjana International Tbk, PT Bank BCA Syariah, BS, PT Bank Kesawan Tbk, PT Bank Syariah Mandiri, PT Bank UOB Buana Tbk, PT Bank Mega Tbk, PT ICB Bumiputera Indonesia Tbk, PT Bank International Indonesia Tbk, PT Bank Mutiara Tbk, PT Bank Victoria International Tbk, Bank of China Limited and some rural banks.

c. SMF, a subsidiary, has entered into a Joint Financing Agreement by transferring Receivables Portfolio and Appointment as Security Agent and Chanelling Credit Transfer Agreement with BS (Note 11).

d. Since September 2006, ABSM, a subsidiary, entered into certain lease agreements (operating lease) with BS, a subsidiary, on motor vehicles and office equipment owned by ABSM with lease periods ranging from four (4) up to eight (8) years until 2014.

e. On October 22, 2007, SMF, a subsidiary, entered into operating lease agreement with BS on SMF's automatic teller machine (ATM). The operating lease agreement is valid from November 22, 2007 to January 20, 2012 and has been extended until January 22, 2016.

55. Commitments and Contingencies

a. BS, a subsidiary, has commitments on purchases and sales offoreign currency (Spot and Forward) which have not yet been realized as of December 31, 2013 and 2012. Details are as follows:

	2013	2012
Spot and forward contracts		
to purchase foreign currencies		
U.S Dollar	121,700	38,261
Japan Yen	36,423	-
Euro	-	38,195
Singapore Dollar	-	964
Total	158,123	77,420

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
Spot and forward contracts to sell foreign currencies		
U.S Dollar	109,530	39,244
Japan Yen	36,347	-
Euro	5,028	38,195
Japan Yen	-	36,624
Singapore Dollar	-	394
Total	150,905	114,457

b. BS has commitments and contingent receivables and liabilities under export-import, guarantees and loans given to the customers as follows:

	2013	2012
Commitments		
Commitment liabilities		
Unused loan commitments granted to customers	265,516	219,849
Irrevocable Letters of Credit	76,130	47,542
Total	341,646	267,391
Contingencies		
Contingent receivables		
Past due interest revenues	26,699	27,721
Contingent liabilities		
Bank guarantees issued	291,253	572,274
Net	(264,554)	(544,553)

As of December 31, 2013 and 2021, the total commitments and contingencies transactions (which consist of letters of credit and bank guarantees) with related parties amounted to Rp 138,818 and Rp 21,386, respectively (Note 52).

As of December 31, 2013 and 2012, the average term of letters of credit is 1 up to 9 months and 1 up to 12 months, respectively, while for bank guarantees is from 14 days up to 39 months and 18 days up to 38 months, respectively.

56. Segment Information

Operating segments are reported in accordance with the internal reporting to the operating decision maker who is responsible for the allocation of resources to each segment are reported as well as assess the performace of each segment.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

2013

	The Company	Insurance underwriting	Consumer financing, finance lease and factoring	Securities administration fee	Stock brokerage underwriting and investment manager	Banking	Property, Trading and Service	Total before elimination	Elimination	Total after Elimination
Operating income	-	11,810,876	-	3,431	136,417	-	-	11,950,724	(244)	11,950,480
Interest income	27,587	485,151	605,906	-	11,404	1,384,681	61	2,514,790	(36,387)	2,478,403
Gain from investment in	1,043,447	-	-	-	-	-	-	1,043,447		1,043,447
units of mutual fund										
Gain (loss) on sale of	6,125	490,656	-	1,137	(953)	-	2,076	499,041	-	499,041
short-term										
investment-Net	(154)	292,426	2,002	-	16,769	2,316	(119)	313,240	-	313,240
Sales	-	-	-	-	-	-	-	-	-	-
Administration fee	-	-	163,887	-	-	229,475	-	393,362	(92,279)	301,083
and commission	-	-	-	-	-	-	142,027	142,027	-	142,027
Gain on foreign exchange - net	-	76,865	-	-	(27,480)	129	-	49,514	-	49,514
Equity in net income of										
associates - net	373,889	13,335	-	-	-	-	13,373	400,597	(358,497)	42,100
Others	8,392	115,630	19,658	132	38,086	7,223	100,229	289,350	(58,473)	230,877
Total income	1,459,286	13,284,939	791,453	4,700	174,243	1,623,824	257,647	17,596,092	(545,880)	17,050,212
Operating expenses	-	12,372,289	-	-	41,776	-	-	12,414,065	(92,279)	12,321,786
Interest expenses	-	-	226,360	-	19	563,788	314	790,481	(11,559)	778,922
Salaries and employee benefit	3,039	322,357	196,245	2,574	45,748	281,953	38,113	890,029	-	890,029
General and administrative	16,982	279,425	184,238	753	43,951	453,526	31,352	1,010,227	(76,395)	933,832
Provision for impairment								-		-
losses of financial assets								-		-
and non financial assets	-	292	33,532	6	-	(26,234)	-	7,596	-	7,596
Unrealized loss on decrease in								-		-
fair value of securities	-	290,835	-	-	(22,453)	6,201	-	274,583	-	274,583
Cost of goods sold	-	-	-	-	-	-	141,628	141,628	-	141,628
Others	1,641	48,344	38,363	103	24,417	73,490	24,053	210,411	(6,381)	204,030
Total expenses	21,662	13,313,542	678,738	3,436	133,458	1,352,724	235,460	15,739,020	(186,614)	15,552,406
Income (losses) before tax	1,437,624	(28,603)	112,715	1,264	40,785	271,100	22,187	1,857,072	(359,266)	1,497,806
Tax benefit (expense)	(223,673)	(41,781)	(26,483)	(18)	(16,154)	(65,001)	(2,686)	(375,796)	192	(375,604)
Net income	1,213,951	(70,384)	86,232	1,246	24,631	206,099	19,501	1,481,276	(359,074)	1,122,202
Segment assets	824,541	24,638,577	3,349,932	23,058	1,002,786	17,499,102	375,616	47,713,612	(508,211)	47,205,401
Investment in associates	10,936,902	136,284	8	301	14,787	-	182,147	11,270,429	(10,740,081)	530,348
Unallocated assets	9,772	-	185	110	25,675	22	9,181	44,945	-	44,945
Total assets	11,771,215	24,774,861	3,350,125	23,469	1,043,248	17,499,124	566,944	59,028,986	(11,248,292)	47,780,694
Segment liabilities	13,367	13,953,423	2,100,286	1,856	119,327	14,613,978	28,468	30,830,705	(541,707)	30,288,998
Unallocated liabilities	222,797	24,506	8,995	184	7,546	94,221	634	358,883	6,659	365,542
	236,164	13,977,929	2,109,281	2,040	126,873	14,708,199	29,102	31,189,588	(535,048)	30,654,540

* Segment assets are excluded prepaid tax and deferred tax asset whereas segment liabilities are excluded taxes payable and deferred tax liabilities

2012

	The Company	Insurance Underwriting	Consumer financing, finance lease and factoring	Securities administration fee	Stock brokerage underwriting and investment manager	Banking	Property, Trading and Services	Total before elimination	Elimination	Total after elimination
Operating income	-	12,389,104	-	3,551	148,898	-	-	12,541,553	-	12,541,553
Interest income	-	527,525	438,146	-	12,444	1,446,218	35	2,424,368	(48,340)	2,376,028
Gain from investment in										
units of mutual funds	26,557	470,166	-	1,132	1,217	-	2,501	501,573	-	501,573
Gain (loss) on sale of										
short-term investment - net	-	1,413,193	-	-	92,107	10,662	-	1,515,962	-	1,515,962
Sales	2,032	-	-	-	-	-	102,840	104,872	-	104,872
Administration fee										
and commission	-	-	155,940	-	-	117,719	-	273,659	(52,729)	220,930
Gain on foreign exchange - net	42	79,233	2,965	-	210	13,640	(5)	96,085	-	96,085
Equity in net income of										
associates - net	1,064,486	3,662	-	-	-	-	348	1,068,496	(1,037,818)	30,678
Others	7,762	55,638	12,965	291	17,531	9,659	67,752	171,598	(46,700)	124,898
Total income	1,100,879	14,938,521	610,016	4,974	272,407	1,597,898	173,471	18,698,166	(1,185,587)	17,512,579
Operating expenses	-	13,037,170	-	-	24,436	-	-	13,061,606	(52,729)	13,008,877
Interest expenses	-	-	115,681	-	551	671,392	-	787,624	(23,067)	764,557
Salaries and employee benefit	1,168	233,516	173,472	2,679	37,781	227,061	28,340	704,017	-	704,017
General and administrative	28,933	282,430	157,798	734	60,073	379,874	20,644	930,486	(67,017)	863,469
Provision for impairment losses										
of financial assets and										
non financial assets	-	986	31,638	25	-	(17,305)	-	15,344	-	15,344
Unrealized loss on decrease in								-		
fair value of securities	-	138,948	-	-	99,830	(7,522)	-	231,256	-	231,256
Other financial expenses								-		
Profit sharing								-		
Cost of goods sold	2,615	-	-	-	-	-	102,603	105,218	-	105,218
Others	2,195	34,553	31,445	78	21,265	58,920	20,050	168,506	(4,948)	163,558
Total expenses	34,911	13,727,603	510,034	3,516	243,936	1,312,420	171,637	16,004,057	(147,761)	15,856,296
Income (losses) before tax	1,065,968	1,210,918	99,982	1,458	28,471	285,478	1,834	2,694,109	(1,037,826)	1,656,283
Tax benefit (expense)	43	(22,462)	(24,640)	(47)	16,086	(57,574)	112	(88,482)	-	(88,482)
Net income	1,066,011	1,188,456	75,342	1,411	44,557	227,904	1,946	2,605,627	(1,037,826)	1,567,801
Segment assets	292,573	28,748,457	3,041,910	21,543	1,124,635	15,307,761	154,716	48,691,595	(570,504)	48,121,091
Investment in associates	10,302,640	135,847	8	301	14,787	-	164,189	10,617,772	(9,931,813)	685,959
Unallocated assets	6,245	18,998	1,769	87	30,164	13	6,197	63,473	-	63,473
Total assets	10,601,458	28,903,302	3,043,687	21,931	1,169,586	15,307,774	325,102	59,372,840	(10,502,317)	48,870,523
Segment liabilities	12,116	17,424,118	2,068,962	1,541	264,429	13,267,877	12,219	33,051,262	(570,512)	32,480,750
Unallocated liabilities	39	56,584	5,111	206	13,413	58,408	333	134,094	-	134,094
	12,155	17,480,702	2,074,073	1,747	277,842	13,326,285	12,552	33,185,356	(570,512)	32,614,844

* Segment assets are excluded prepaid tax and deferred tax asset whereas segment liabilities are excluded taxes payable and deferred tax liabilities

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

57. Financial Risk Management Objectives and Policies

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is the responsibility of the Board of Directors (BOD). The BOD has the responsibility to determine the basic principles of the Group's risk management as well as principles covering specific areas, such as foreign exchange risk, interest rate risk, price risk, credit risk, and liquidity risk.

In practice, implementation of risk management of the Group includes active supervision of management, implementation of policies and procedures, risk limits, the process of identification, measurement and monitoring of risk, implementation of information systems and risk management and internal control systems.

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from the customers or counterparties which fail to fulfill their contractual obligations. The Group manages and controls the credit risk by dealing only with recognized and credit worthy parties, setting internal policies on verifications and authorizations of credit, and regularly monitoring the collectibility of receivables to reduce the exposure to bad debts.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2013			
	Not past due	Past due but unimpaired	Past due and impaired	Total
Cash and cash in banks	759,936	-	-	759,936
Short-term investments	24,542,224	-	-	24,542,224
Securities purchased under agreements to resell	139,211	-	-	139,211
Consumer financing recaivables	876,383	1,567	20,766	898,716
Net investment in finance lease	104,856	-	17,769	122,625
Factoring receivables	1,116,626	17,754	12,707	1,147,087
Loans	10,689,337	172	276,562	10,966,071
Acceptances receivable	238,324	-	-	238,324
Securities agent receivables	378,544	-	-	378,544
Other receivables	623,890	-	-	623,890
Investment in shares	67,529	-	-	67,529
Other assets	25,940	-	-	25,940
	39,562,800	19,493	327,804	39,910,097

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2012			
	Not past due	Past due but unimpaired	Past due and impaired	Total
Cash and cash equivalents	695,954	-	-	695,954
Short-term investments	27,949,629	-	-	27,949,629
Consumer financing recaivables	701,612	1,644	17,564	720,820
Net investment in finance lease	156,046	10,891	3,819	170,756
Factoring receivables	1,197,540	37,254	11,739	1,246,533
Loans	10,053,908	88	332,088	10,386,084
Securities agent receivables	369,096	-	-	369,096
Other receivables	891,888	-	1,118	893,006
Investment in shares	244,232	-	-	244,232
Other assets	23,881	-	-	23,881
	42,283,786	49,877	366,328	42,699,991

The table below shows consolidated statement of financial position exposures related to credit risk:

	2013		2012	
	Gross amount	Net amount	Gross amount	Net amount
At fair value through profit and loss				
Short-term investment - securities - shares and warrants	661,283	661,283	2,345,797	2,345,797
Short-term investment - securities - bonds	20,000	20,000	54,271	54,271
Short-term investment - securities - units of mutual fund	7,409,910	7,409,910	9,822,730	9,822,730
Short-term investment - securities - unit link - shares and warrants	-	-	38,415	38,415
Short-term investment - securities - unit link - bonds	-	-	16,156	16,156
Short-term investment - securities - unit link - units of mutual fund	2,413,715	2,413,715	4,913,150	4,913,150
Other assets - derivative assets	28	28	2,285	2,285
Available for sale				
Short-term investment - securities - shares	553,537	553,537	595,461	595,461
Short-term investment - securities - bonds	5,863,982	5,863,982	2,891,436	2,891,309
Short-term investment - securities - units of mutual fund	1,571,472	1,571,472	-	-
Investment in shares	67,529	67,529	244,232	244,232
Cost				
Short-term investment - securities - bonds	682,551	682,551	-	-
Fair value				
Short-term investment - securities - shares	11,381	11,381	-	-
Short-term investment - securities - bonds	123,696	123,696	-	-
Short-term investment - securities - units of mutual fund	31,496	31,496	-	-
Loans and receivables				
Cash and cash in banks	759,936	759,936	695,954	695,954
Securitiies purchased under agreements to resell	139,211	139,211	-	-
Short-term investment - placement with other banks	593,813	593,813	387,852	387,852
Short-term investment - time deposits	1,950,998	1,950,998	635,402	635,402
Short-term investment - securities - export bill receivables	207,001	207,001	426,912	426,912
Net investment in finance lease	122,625	120,458	170,756	166,937
Consumer financing receivables	898,716	895,987	720,820	719,106
Factoring receivables	1,147,087	1,144,066	1,246,533	1,243,363
Securities agent receivables	378,544	378,544	369,096	369,096
Other accounts receivable - net	623,890	623,751	893,006	892,725
Acceptances receivable	238,324	238,324	-	-
Loans - net	10,966,071	10,909,738	10,386,084	10,293,836
Other assets	25,940	25,940	21,596	21,596
Total Financial Assets	37,462,736	37,398,347	36,877,944	36,776,585

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

Market Risk

Market risk is the risk that the fair value or future contractual cash flows of a financial instrument held by the Group will be affected due to changes in market variables such as interest rates, exchange rates, including derivatives of both risks (risks of derivative instruments).

a. *Interest rate risk*

The Group's interest rate risk arises from loans, deposits and deposits from other banks and loans received. Loans, deposits and deposits from other banks and loans received at floating rates expose the Group to cash flow interest rate risk. Financial assets and financial liabilities at fixed rates expose the Group to fair value interest rate risk.

As of the end of the reporting period, the Group has the following floating rate loans, deposits and deposits from other banks and loans received.

	2013	2012
Asset		
Loans	6,436,172	5,965,566
Liabilities		
Deposits and deposits from other banks	8,872,985	7,288,693
Loans received	469,692	667,013

The Group analyzes its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing. For each simulation, the same interest rate is used for all currencies. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. The scenarios are applied only for liabilities that represent the major interest-bearing positions.

As of December 31, 2013, if interest rates on loans, deposits and deposits from other banks and loans received had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been Rp 2,181 higher/lower, mainly as a result of higher/lower interest income and interest expense on loans and loans received with floating interes rates.

b. *Foreign currency risk*

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. Dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

Management has set up a policy to require Group to manage the foreign exchange risk against their functional currency. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasts.

As of December 31, 2013, if the currency had weakened/strengthened by 5%, against the U.S. Dollar with all other variables held constant, post-tax profit for the year would have been Rp 8,446 lower/higher, mainly as a result of foreign exchange gains (losses) on translation of financial assets and liabilities.

c. *Price risk*

The Group is exposed to equity and debt securities price risk because of investments held by the Group and classified on the consolidated statements of financial position either as available-for-sale or at fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group has investments in shares of other entities that are traded in IDX, investment in units of mutual funds, and investment in debt securities that would have an impact on the increase/decrease on post-tax profit for the period and other equity component. With assumption if FVPL equity and debt securities price assumption of being 1% higher/lower with all other variables held constant, post-tax profit in 2013 would have been Rp 82,942 higher/lower, while if AFS' equity and debt securities had been 1% higher/lower with all other variables held constant, other equity component would have been Rp 92,888 higher/lower. Post-tax profit for the year would increase/decrease as a result of gains (losses) on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains (losses) on equity securities classified as available-for-sale.

To manage price risk arising from investments in debt securities, the Group performs an analysis of the offered interest rate of bonds and the required rate of return which is generally expected by the market.

Liquidity Risk

Liquidity risk is a risk arising when the cash flow position of the Group is not enough to cover the liabilities which become due.

In the management of liquidity risk, management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuation in cash flows. Management also regularly evaluates the projected and actual cash flows, including loan maturity profiles, and continuously assess conditions in the financial markets for opportunities to obtain optimal funding sources.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flow:

	2013						
	< 1 year	> 1 year to 2 year	> 2 year to 5 year	> 5 year	Total	Transaction cost	Total
Liabilities							
Deposits and deposits from other banks	13,607,470	-	-	-	13,607,470	-	13,607,470
Acceptances payable	238,324	-	-	-	238,324	-	238,324
Securities issued	-	-	1,300,000	-	1,300,000	9,096	1,290,904
Loans received	716,474	-	-	-	716,474	1,579	714,895
Securities agent payables	81,341	-	-	-	81,341	-	81,341
Accrued expenses	88,004	-	-	-	88,004	-	88,004
Other liabilities	366,370	-	-	-	366,370	-	366,370
Total liabilities	15,097,983	-	1,300,000	-	16,397,983	10,675	16,387,308

	2012						
	< 1 year	> 1 year to 2 year	> 2 year to 5 year	> 5 year	Total	Transaction cost	Total
Liabilitas							
Deposits and deposits from other banks	12,569,719	-	-	-	12,569,719	-	12,569,719
Securities issued	-	-	1,000,000	-	1,000,000	3,116	996,884
Loans received	999,375	2,142	-	-	1,001,517	1,898	999,619
Securities agent payables	141,222	-	-	-	141,222	-	141,222
Accrued expenses	76,284	-	-	-	76,284	-	76,284
Other liabilities	272,486	-	-	-	272,486	-	272,486
Total liabilities	14,059,086	2,142	1,000,000	-	15,061,228	5,014	15,056,214

58. Subsequent Events

On March 14, 2014, the Company sold all its investment in shares of PT Jobstreet Indonesia to Jobstreet.com Pte Ltd, Singapore, with selling price of RM 13,740,000 (equivalent to Rp 47,865) and carrying value of Rp 427, thus gain on sale of investment in shares amounted to Rp 47,438.

59. Other Information

Other financial information

BS

The Capital Adequacy Ratio (CAR) of BS were calculated in accordance with Bank Indonesia Regulation.

Calculation of CAR is as follows:

	2013	2012
I. Capital Stock Components		
A. Total Core Capital	2,528,077	1,692,498
B. Supplementary Capital	109,420	97,637
II. Total Core and Supplementary Capital	2,637,497	1,790,135

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
III. Risk Weighted Assets		
Credit risk after considering specific risk	10,384,365	8,615,340
Market risk	213,655	184,023
Operational risk	1,490,878	1,097,724
Total risk weight assets for credit, market and operational risk	12,088,898	9,897,087
IV Capital Adequacy Ratio (CAR)		
CAR with credit risk	25.40%	20.78%
CAR with credit and market risk	24.89%	20.34%
CAR with credit and operational risk	22.21%	18.43%
CAR with credit, operational and market risk	21.82%	18.09%
V. Minimum Capital Adequacy Ratio	8%	8%

* Excludes deferred taxes

AJSM and ASM

Calculation of solvency margin is as follows:

<u>AJSM</u>

	2013	2012
Admitted Assets	14,435,937	18,061,179
Liabilities (except subordinated loan)	8,196,587	10,449,523
Total Solvency Margin	6,239,350	7,611,656
Total Risk Base Minimum Capital	639,278	1,353,812
Excess of Solvency Margin	5,600,072	6,257,844
Solvency Ratio Attained (%)	976.00%	562.24%

<u>ASM</u>

	2013	2012
Admitted assets	5,262,245	3,581,622
Liabilities (except subordinated loan)	3,666,737	1,872,350
Total Solvency Margin	1,595,508	1,709,272
Total Minimum Solvency Margin	485,557	569,446
Excess of Solvency Margin	1,109,951	1,139,826
Solvency Ratio Attained (%)	328.59%	300.16%

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

SMS

Calculation of Adjusted Net Working Capital is as follows:

	2013	2012
Net Working Capital		
Total Current Assets	792,453	864,834
Total Liabilities	(103,150)	(164,732)
Total Liabilities Account	(123,083)	(3,025)
Working Capital	566,220	697,077
Adjusted Gross Working Capital		
Equity in shares recorded in BEI	(60,166)	(122,272)
Units of mutual fund trade in BEI	(31,940)	-
Adjusted Net Working Capital	474,114	574,805
Adjusted Net Working Capital Compulsory	25,200	25,200
Excess Adjusted Net Working Capital	448,914	549,605

60. Restatement of Consolidated Financial Statements and Reclassification of Accounts

Certain accounts in the 2012 consolidated financial statements and consolidated statements of financial position as of January 1, 2012/December 31, 2011 have been reclassified to conform with the 2013 consolidated financial statement presentation. A summary of such accounts is as follows:

December 31, 2012	After Reclassification	Before Reclassification
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Cash and cash in banks	2,422,717	7,010,441
Short-term investments	27,949,502	18,222,028
Segregated funds net assets - Unit link	-	3,943,326
Other receivables - net	892,725	891,596
Other assets	621,864	1,741,664
Accrued expenses	76,284	75,920
Tax payable	74,587	71,980
Insurance payable	360,113	358,825
Insurance contract liabilities	198,696	182,367
Other liabilities	496,325	439,160
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Underwriting income	12,362,813	12,389,104
Other income	151,189	124,898
Interest income	2,376,028	1,966,897
Administration fee and commissions	220,930	136,513
Consumer finance income	-	394,405
Investment management income	-	84,165
Factoring income	-	80,144
Lease income	-	18,999
Stock brokerage, underwriting and investment management income	148,898	64,733
Share in net income of associates - net	30,678	34,708
General and administrative expenses	863,469	695,888
Investment management expenses	-	19,173
Stock brokerage, underwriting and investment management expenses	24,436	5,263
Depreciation expense	-	167,581
Other expenses	163,558	167,584

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

1 Januari 2012 / 31 Desember 2011	After Reclassification	Before Reclassification
CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
Cash and cash in banks	2,104,561	8,552,645
Short-term investments	27,610,093	15,813,535
Segregated funds net assets - Unit link	-	4,548,419
Other receivables - net	765,526	763,436
Other assets	443,937	1,246,082

The above reclassifications did not affect the 2012 consolidated statement of changes in equity of the Group.

61. Supplemental Disclosures for Statements of Cash Flows

The following are the noncash activities of the Group which do not have an impact on the consolidated statements of cash flows:

	2013	2012
Write-off of consumer financing receivables (Note 7)	29,069	32,669
Write-off of factoring receivables (Note 9)	3,836	5,718
Write-off of loans (Note 11)	10,233	2,444

62. New Prospective Accounting Pronouncements

The Indonesian Institute of Accountants has issued the following Interpretations of Financial Accounting Standards (ISAK) and Statement of Withdrawal of Financial Accounting Standards (PPSAK) which will be effective for annual period beginning January 1, 2014 as follows:

ISAK

1. ISAK No. 27, Transfer of Assets from Customers

2. ISAK No. 28, Extinguishing Financial Liabilities with Equity Instruments

3. ISAK No. 29, Stripping Costs in the Production Phase of a Surface Mine

PPSAK

PPSAK No. 12, Withdrawal of PSAK 33: Accounting of Land Stripping Activities and Environmental Management in General Mining.

The Group does not expect that the above ISAKs and PPSAK will have significant impact on the consolidated financial statements.

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

63. Supplementary Consolidating Information

Supplementary information below isthe financial information of PT Sinar Mas Multiartha Tbk (parent entity only) for the years ended December 31, 2013 and 2012. The Company's investments in subsidiaries are measured at cost and not using the equity method.

	2013	2012
ASSETS		
Cash and cash in banks		
Related parties	721	98
Third parties	774	304
Total - net	1,495	402
Short-term Investment	685,006	178,949
Other Account Receivables		
Related parties	5,862	20,954
Third parties	1,382	602
Total	7,244	21,556
Long-term Investment	3,081,162	2,204,197
Property and Equipment		
Cost	1,680	1,666
Accumulated depreciation	(1,061)	(459)
Net	619	1,207
Investment Properties	10,003	-
Property under Build, Operate and Transfer Agreement		
Cost	124,156	86,362
Accumulated depreciation	(25,678)	(19,242)
Net	98,478	67,120
Deferred Tax Assets	151	1,151
Other Assets		
Related parties	9,494	6,222
Third parties	21,825	22,198
Total	31,319	28,420
TOTAL ASSETS	3,915,477	2,503,002

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
LIABILITIES AND EQUITY		
Liabilities		
Taxes Payable	222,797	39
Accrued Expenses	2,079	393
Long-term Employee Benefits Liability	755	492
Other Liabilities		
Related parties	9,750	10,750
Third parties	782	672
Total	10,532	11,422
Total Liabilities	236,163	12,346
Equity		
Capital Stock - Rp 5,000 (in full Rupiah) par value per Series A share and Rp 100 (in full Rupiah) per value per Series B share Authorized - 142,474,368 Series A shares and 21,371,155,200 Series B shares Issued and paid-up - 142,474,368 Series A shares and 6,095,334,349 Series B shares as of December 31, 2013, and 142,474,368 Series A dan 6,093,458,908 Series B shares as of December 31, 2012	1,321,905	1,321,718
Additional Paid-in Capital	810,505	809,755
Retained Earnings		
Appropriated	791,607	791,607
Unappropriated	755,297	(432,424)
Total Equity	3,679,314	2,490,656
TOTAL LIABILITIES AND EQUITY	3,915,477	2,503,002

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
INCOME		
Gain on sale of investments in shares	1,159,088	-
Dividend	238,049	74,417
Time deposits interest	27,587	-
Rent	7,908	5,775
Gain from investments in units of mutual funds	6,125	26,557
Sales	-	2,032
Gain on foreign exchange - net	-	42
Others	689	1,987
Total	1,439,446	110,810
EXPENSES		
General and administrative	10,341	21,282
Depreciation	7,045	7,730
Salaries and employee benefits	3,039	1,168
Loss on foreign exchange - net	154	-
Cost of goods sold	-	2,615
Others	1,236	2,195
Total	21,815	34,990
INCOME BEFORE TAX	1,417,631	75,820
TAX EXPENSE		
Current	222,673	-
Deferred	1,000	(43)
Total	223,673	(43)
NET INCOME	1,193,958	75,863
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME	1,193,958	75,863

	Capital Stock	Additional Paid-in Capital - net	Retained Earnings		Total Equity
			Appropriated	Unappropriated	
Balance as of January 1, 2012	1,321,378	808,397	527,331	(237,775)	2,419,331
Additional capital stock from conversion of Series IV warrants	340	1,358	-	-	1,698
Appropriation for general reserve	-	-	264,276	(264,276)	-
Cash dividend	-	-	-	(6,236)	(6,236)
Total comprehensive income during the year	-	-	-	75,863	75,863
Balance as of December 31, 2012	1,321,718	809,755	791,607	(432,424)	2,490,656
Additional capital stock from conversion of Series IV warrants	187	750	-	-	937
Cash dividend	-	-	-	(6,237)	(6,237)
Total comprehensive income during the year	-	-	-	1,193,958	1,193,958
Balance as of December 31, 2013	1,321,905	810,505	791,607	755,297	3,679,314

(Figures are Presented in Millions of Rupiah, unless Otherwise Stated)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	27,964	55
Other operating revenues received	4,926	9,739
Operating expenses paid	(12,667)	(26,948)
Gain (loss) on foreign exchange - net	(154)	42
Net cash generated from operations before changes in operating assets and liabilities	20,069	(17,112)
Decrease (increase) in operating assets:		
Short-term Investments	(321,932)	268,599
Other receivables	17,606	(1,325)
Other assets	(4,045)	58,229
Increase (decrease) in operating liabilities:		
Taxes payable	106	2
Other liabilities	(890)	(992)
Net Cash Provided by (used in) Operations	(289,086)	307,401
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividend received	238,049	74,417
Proceeds from sale of investments	1,238,260	-
Additions to property and equipment	(21)	(1,433)
Additions to under build property, operate and transfer agreement	(37,794)	(7,139)
Additions to investment properties	(5,505)	-
Advances for investments	(8,000)	(10,000)
Acquisitions of long-term investments	(951,510)	(376,436)
Net Cash Provided by (Used in) Investing Activities	473,479	(320,591)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividend paid	(6,237)	(6,236)
Proceeds from additional issuances of capital stock and paid in capital from conversion of Series IV warrants	937	1,698
Net Cash Used in Financing Activities	(5,300)	(4,538)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	179,093	(17,728)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	402	18,130
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	179,495	402
SUPPLEMENTAL DISCLOSURES		
Cash and cash in banks	1,495	402
Short-term Investments - original maturities of three months or less from the acquisition date	178,000	-
Total Cash and Cash in Banks	179,495	402

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